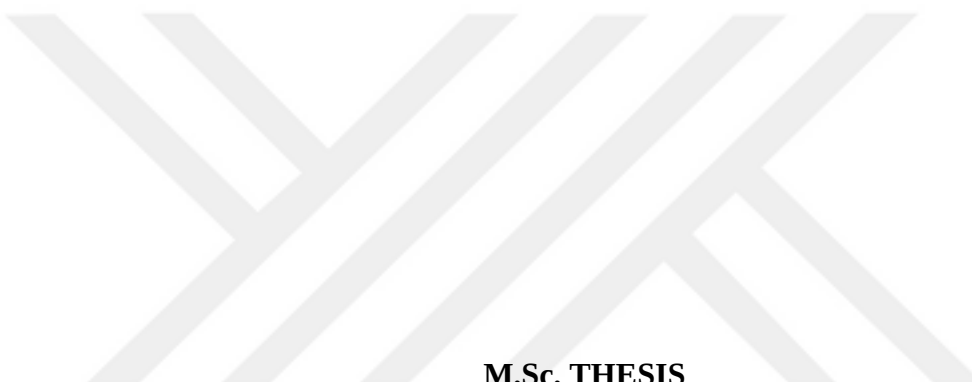


ISTANBUL TECHNICAL UNIVERSITY ★ GRADUATE SCHOOL OF SCIENCE
ENGINEERING AND TECHNOLOGY

**ONLINE ENTREPRENEURSHIP AS A STRATEGY FOR RURAL
DEVELOPMENT: CASE OF TURKEY**



M.Sc. THESIS

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Department of Urban and Regional Planning

Regional Planning Programme

JUNE 2016

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İSTANBUL TEKNİK ÜNİVERSİTESİ ★ FEN BİLİMLERİ ENSTİTÜSÜ

**KIRSAL KALKINMA İÇİN BİR STRATEJİ OLARAK ÇEVİRİMİÇİ
GİRİŞİMCİLİK: TÜRKİYE ÖRNEĞİ**

YÜKSEK LİSANS TEZİ

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To my family,



FOREWORD

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May 2016

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TABLE OF CONTENTS

	<u>Page</u>
FOREWORD	ix
TABLE OF CONTENTS.....	xi
ABBREVIATIONS	xiii
LIST OF TABLES	xv
LIST OF FIGURES	xvii
SUMMARY	xix
ÖZET.....	xxi
1. INTRODUCTION: SEARCHING AN ALTERNATIVE FOR RURAL DEVELOPMENT	1
1.1 Aim	1
1.2 Scope	2
1.3 Structure	4
1.4 Data and Methodology	5
2. THE RELATIONSHIP BETWEEN RURAL DEVELOPMENT AND ONLINE RURAL ENTREPRENEURSHIP	7
2.1 Rural Development.....	8
2.2 Rural Entrepreneurs& Entrepreneurship	16
2.3 Rural Entrepreneurs' Ecosystem: Food Networks	19
2.3.1 Conventional food networks	20
2.3.2 Alternative food networks	22
2.3.3 Comparison of conventional and alternative food networks.....	25
2.4 Online Entrepreneurship as an Alternative Food Network Strategy	27
2.5 Summary of Chapter 2.....	30
3. ON THE SEARCH OF ONLINE ENTREPRENEURS IN RURAL TURKEY: PRELIMINARY REMARKS	33
3.1 Qualitative research.....	33
3.2 Sampling& Data Collection	34
3.3 Methodology	39
3.3.1 Business model canvas.....	39
3.3.2 Entrepreneurial network& ecosystem	41
3.4 Summary of Chapter 3.....	43
4. CASE STUDIES: ANALYZING BUSINESS MODELS AND NETWORKS OF ONLINE RURAL ENTREPRENEURS IN AYDIN& IZMIR	45
4.1 Business Models& Networks of Case Studies	46
4.1.1 Ipek Hanım Çiftliği	46
4.1.2 Gürsel Tonbul Çiftliği	49
4.1.3 Karakaş Çiftliği& Freshmar	51
4.1.4 Seroliva.....	53
4.1.5 Hakime Hanım Çiftliği.....	55
4.1.6 Seferipazar.....	57

4.2 Business Canvas and Ecosystems of Online Entrepreneurs	59
4.2.1 Similarities and differences of business canvas	59
4.2.2 The extent of entrepreneurs via their ecosystems	61
4.3 Summary of Chapter 4.....	63
5. CONCLUSION: DISCUSSIONS ON ONLINE RURAL	
ENTREPRENEURSHIP IN TURKEY	65
REFERENCES.....	71
APPENDIX	79
CURRICULUM VITAE.....	81



ABBREVIATIONS

AFN	: Alternative Food Network
ARSI	: Agriculture and Rural Development Support Institution
BMC	: Business Model Canvas
CFN	: Conventional Food Network
CSA	: Community Supported Agriculture
GNP	: Gross National Product
NGO	: Non- Governmental Organization
R&D	: Research and Development
SPO	: State Planning Organization
SWOT	: Strengths, Weaknesses, Opportunities, Threats
Turkstat	: Turkish Statistical Institute



LIST OF TABLES

	<u>Page</u>
Table 1.1 : Average prices of chosen products	3
Table 2.1 : Six fields of rural development	9
Table 2.2 : Paradigms of rural development	10
Table 2.3 : Rural development typology	14
Table 2.4 : Functions, actors and activities of a conventional food chain	20
Table 2.5 : Comparison of food networks.....	25
Table 2.6 : A schematic comparison of the general and new food networks.....	26
Table 3.1 : Scales of agricultural holdings.....	37
Table 3.2 : Demographics of the study	39



LIST OF FIGURES

	<u>Page</u>
Figure 1.1: Structure of the thesis.	4
Figure 2.1: Determinants rural development (Singh, 2009)	8
Figure 2.2: Relationship between development and amenities (Green& Zinda, 2013)	11
Figure 2.3: Timeline of rural development ideas (Ellis&Biggs, 2001).	12
Figure 2.4: SWOT analysis of rural areas (Dinis, 2006).	18
Figure 2.5: Conventional food chain actors	21
Figure 2.6: Alternative food chain actors.....	24
Figure 2.7: Framework of online entrepreneurship, adapted from (Dheeriya, 2009)	28
Figure 3.1: The main steps of qualitative research (Bryman, 2012).....	34
Figure 3.2: The interview structure	35
Figure 3.3: Vegetative production value (Turkstat, 2013).....	36
Figure 3.4: Number of enterprises (Turkstat, 2013)	38
Figure 3.5: Online rural entrepreneurs in Turkey	38
Figure 3.6: The business model canvas (Osterwalder, 2010)	40
Figure 3.7: Questions related with the business model canvas (Muhtaroglu, 2013)	41
Figure 3.8: A conceptual framework of entrepreneurial ecosystem (Suresh& Ramraj, 2012).....	42
Figure 3.9: A model for entrepreneurial ecosystem (Valdez, 1988).....	43
Figure 4.1: Case studies according to their sales area and values.....	45
Figure 4.2: BMC for Ipek Hanım Çiftliği	47
Figure 4.3: Actor network scheme for Ipek Hanım Çiftliği.....	48
Figure 4.4: Production and packaging area of Ipek Hanım Çiftliği (Yaşlak, 2016)	48
Figure 4.5: BMC for Gürsel Tonbul Çiftliği.....	50
Figure 4.6: Actor network scheme for Gürsel Tonbul Çiftliği	50
Figure 4.7: Production area and sales shop of Gürsel Tonbul Çiftliği (Yaşlak, 2016)	51
Figure 4.8: BMC for Karakaş Çiftliği	52
Figure 4.9: Actor network scheme for Karakaş Çiftliği.....	52
Figure 4.10: Sales shop& Main products of Karakaş Çiftliği (Yaşlak, 2016)	53
Figure 4.11: BMC for Seroliva	54
Figure 4.12: Actor network scheme for Seroliva.....	54
Figure 4.13: Factory and products of Seroliva (Source: Seroliva website)	55
Figure 4.14: BMC for Hakime Hanım Çiftliği	56
Figure 4.15: Actor network scheme for Hakime Hanım Çiftliği.	56

Figure 4.16: Olive harvest and artichoke field of Hakime Hanım Çiftliği (Source: Hakime Hanım Çiftliği website).....	57
Figure 4.17: BMC for Seferipazar.	58
Figure 4.18: Actor network scheme for Seferipazar.	58
Figure 4.19: Products sold at Seferipazar. (Source: Seferipazar website).....	59
Figure 4.20: A common BMC for all cases	60
Figure 4.21: Sales area of the different case studies	60
Figure 4.22: Common actors of the case studies.....	63



ONLINE ENTREPRENEURSHIP AS A STRATEGY FOR RURAL DEVELOPMENT: CASE OF TURKEY

SUMMARY

Rural development is one of the most important topics in Turkey's regional development strategies. In spite of the fact that Turkey's urban population has an increasing trend, still a considerable amount of population is located in rural areas. Even though according to 2015 address based population results the ratio of rural population is close to %8, before the legislation change in 2012 the rural population was close to %22. The rural population looks like decreased however the rural life continues. In accordance to this information, an important part of the population is employed in agriculture, which is one of the main rural economic activities. The problem is that economic value of agricultural activities is lower when the ratio of agricultural employment is compared to the ratio of agriculture's share in GDP. To promote rural development, agriculture is one of the main tools. The rural development strategies related with agriculture should be evaluated under the scope of the new economic environment where locality gains importance and the development starts from local/individual. As a result, individual may take responsibility by being an entrepreneur and contribute to economic development. If this scenario is considered for rural areas and agriculture, the producer or the supplier can play an important role as an entrepreneur. Rural entrepreneurs can deliver their agricultural products through one of alternative food networks. Alternative food networks, which became an important topic in literature highlight the importance of locality and sustainability in food network chain. They suggest direct relationship between producer and consumer which means shortening the distance from one to another.

The thesis explores the potential of agricultural activities in rural development by researching online rural entrepreneurship as an alternative food network strategy. Moreover, the aim of the thesis is to analyze the effects of online entrepreneurship on rural development and to examine online entrepreneurship through its ecosystem as an alternative. There is a lack of research in this area for Turkey so this study will be a pioneering attempt to contribute to the existing literature. Using empirical case studies from rural Aegean region, a framework for analyzing online rural entrepreneurship is constructed and operationalized. The case study examples are selected from online entrepreneurs whose business is related with rural agricultural products. The important thing is that these selected entrepreneurs should be commercializing local products from their own farms or farms from a close area. Moreover, the sales should be online or directly from the farm. The date of establishment, the number of the workers (including their profile), the amount of sales are important criteria of this research. By using 'business model canvas', the relationships of the system is analyzed and mapped to answer questions as what are the key activities, key resources, revenue streams, cost structure, channels, value propositions, customer relationships& segments. In conclusion, this study assesses

how online rural entrepreneurs can contribute to rural development in a wider scope by examining the potential of farmers-entrepreneurs to play a catalyst role in combining local assets to economy. As a result, it is found that online rural entrepreneurship has positive effect on rural development in local extent however in order to widen this effect to regional extent, online rural entrepreneurship should be promoted with public policies.



KIRSAL KALKINMA İÇİN BİR STRATEJİ OLARAK ÇEVİRİMİÇİ GİRİŞİMCİLİK: TÜRKİYE ÖRNEĞİ

ÖZET

Dünyada gelişmekte olan ekonomik ve fiziksel değişimlere karşı kırsal alanların gittikçe kırılganlaştığı bir gerçektir. Kamusal yönetimler kırsal alanların geliştirilmesine yönelik politikalar geliştirmekte ve uygulamaktadırlar. Sonuç olarak, kırsal kalkınma pek çok uygulamacı ve teorisyen için önemli bir alan konumundadır. Kırsal kalkınmanın odak noktası olarak da yerellik önem kazanmaktadır. Buna dayanarak, tarım, turizm, kültürel aktiviteler, çevresel düzenlemeler gibi yerel özellikler kırsal kalkınmaya girdi sağlamaktadırlar. Kırsal kalkınmanın çeşitli tanımları irdelendiğinde iki önemli unsuru olduğu görülmektedir: yaşam kalitesini arttırmak ve ekonomik yapıyı geliştirmek. Bu iki unsur kapsamında, yıllar içinde çeşitli kırsal kalkınma düşünceleri gelişmiştir. Bu düşünceler farklı teorilere dayandırılarak gelişmekle beraber, kırsal kalkınmayı açıklayan tek ve belirli bir teori bulunmamaktadır.

Kırsal kalkınma stratejileri incelendiğinde ise girişimciliğin dikkate değer bir öneminin olduğu görülmektedir. Bunun sebebi girişimciliğin, yerel değerlerin ortaya çıkarılması ve değerlendirilmesi üzerinde sahip olduğu güçtür. Bu noktada özellikle bireyler birer girişimci olarak kırsal alanların geliştirilmesi üzerinde önemli bir rol oynamaktadırlar. Kırsal alanda girişimcilik için potansiyel kaynaklar arasında tarım kritik bir nokta olarak gösterilmektedir. Dolayısıyla kırsal girişimcinin gıda ağlarındaki rolü önem kazanmaktadır.

Gıda ağları temel olarak geleneksel ve alternatif gıda ağları olmak üzere 2'ye ayrılmaktadır. Alternatif gıda ağlarının ortaya çıkmasında hem tüketicinin sağlık ve doğa üzerine kaygıları hem de üreticinin ekonomik getiride düşük paya sahip olması sebep olarak gösterilmektedir. Bu iki gıda ağı arasındaki temel fark, ağ içindeki aktörlerin birbirleri arasındaki ilişkidir. Geleneksel gıda ağlarında, üretici ve tüketici arasında daha fazla aktör bulunmaktayken, alternatif gıda ağlarında bazı durumlarda hiç aktör bulunmazken, bazı durumlarda sadece ürünün ulaştırılmasında bir aktör yer almaktadır. Dolayısıyla alternatif gıda ağlarında daha kısa ve doğrudan ilişkiler kurulmaktadır. Ayrıca alternatif gıda ağları yerellik, kalite ve sürdürülebilir üretim gibi özelliklere sahiptir. Kırsal girişimcinin yeni bir pazar alanı yaratabilmesi için yeni bir alternatif gıda ağı geliştirmesi gerekmektedir. Teknolojik gelişmeler de göz önünde bulundurulduğunda yeni pazar alanlarına internet üzerinde ulaşmak yeni bir strateji olarak düşünülmektedir ve bu noktada kırsal girişimci için tarım önemli potansiyeller sunmaktadır.

Çevrimiçi kırsal girişimcinin kırsal kalkınma üzerinde etkisinin incelenmesi, bu girişimlerinin karakteristiklerinin anlaşılması ve ilişkilerinin ortaya konması ile gerçekleştirilebilir. Dolayısıyla bu tez çalışmasında kalitatif bir yaklaşım benimsenmiştir. Çalışma kapsamında, 2016 yılında, Aydın'da dört, İzmir'de iki kırsal girişimciyle görüşmeler gerçekleştirilerek veriler toplanmıştır. Alan çalışması örnekleri seçiminde önemli olan, seçilen girişimcilerin kendi çiftliklerinde ya da

alanlarına yakın çiftliklerde üretilmiş yerel ürünleri satışa sunuyor olmalarıdır. Ayrıca satışların çevrimiçi ya da doğrudan çiftlikten satışa sunulması diğer önemli kriterdir. Veri toplama aşamasında öncelikli olarak kullanılan yöntem mülakat yöntemidir. Girişimcilerin sahip olduğu yoğun program sebebiyle yüz yüze olarak gerçekleştirilemeyen iki alan çalışması da telefon üzerinden gerçekleştirilmiştir. Çalışmada kullanılan yöntem de “Business Model Canvas” yönteminin yanında, girişimcilik ekosisteminin ortaya konulması olarak açıklanmaktadır. Bu yöntem kapsamında, girişimde yürütülen temel faaliyetler, temel kaynaklar, girişimin gelir modeli, maliyet strüktürü, satış ve tanıtım kanalları, değer yargıları, müşteri ilişkileri ve müşteri segmentasyonu konuları girişimcilerle mülakatlar yapılarak araştırılmıştır. Çalışma kapsamında seçilen alan çalışması örnekleri, İpek Hanım Çiftliği (Aydın), Gürsel Tonbul Çiftliği (Aydın), Karakaş Çiftliği (Aydın), Seroliva (Aydın), Hakime Hanım Çiftliği (İzmir) ve Seferipazar (İzmir) şeklindedir. Kırsal girişimcilerin demografik özellikleri incelendiğinde, altı girişimcinin dördünün kadın, ikisinin erkek olduğu, yaşlarının 33 ila 64 arasında değiştiği, eğitim durumlarının lise ve üniversite mezunu şeklinde olduğu ve son olarak da bu girişimlerin yaşının üç ila on bir arasında değiştiği görülmektedir.

Alan çalışması kapsamında ilk etapta tüm örnekler tek tek irdelenmiştir. Öncelikle girişim; konumu, arka plandaki gelişim süreci, kaç kişiye istihdam sağladığı, ürün çeşitliliği gibi genel bilgiler verilerek tanıtılmıştır. Daha sonra kırsal kalkınma kapsamında alanda oluşturdukları etkileri ortaya konmuştur. Son olarak, işletme modelleri ve ilişkileri sistematik olarak irdelenmiştir. İşletme modelleri düşünüldüğünde bu girişimler birtakım benzerlikler ve farklılıklar göstermektedir. Benzerlikler olarak öncelikle, tüm girişimlerin ana ortakları işgücü olarak yerel halk, bilgi alışverişi yapmak üzere yerel çiftçiler ve birbirlerini desteklemek amacıyla sivil toplum kuruluşları olarak ortaya çıkmıştır. İkinci olarak, girişimde gerçekleştirilen ana aktiviteler üretim, paketleme ve depolama olarak belirtilmektedir. Üçüncü olarak, ana kaynaklar, yeterli bir miktarda anapara ve üretim hakkında yeterli miktarda bilgi olarak ortaya çıkmıştır. Dördüncü ortak özellik, girişimlerin en temel değer yargıları üzerinedir. Buna göre, sürdürülebilirlik, toprağa değer verme gibi çevreyle ilgili kaygılar, yerel kalkınmayı desteklemek gibi ekonomik kaygılar ve kaliteli ürün üretme amacı ortak değer yargılarıdır. Girişimlerin müşterileri ile ilişkileri de internet ya da telefon üzerinden bireysel ilişkiler olarak gelişmektedir. Müşterilerine de sahip oldukları internet sitesi ve çeşitli sosyal medya kaynaklarından ulaşmaktadırlar. Girişimlerde gider modelinin en önemli iki kalemi, üretim ve çalışan maliyetleri olarak ortaya çıkmaktadır. Gelir akışı da toplam maliyetin üzerine yeterli bir oranda kar konulması ile belirlenmektedir. Girişimler arasındaki farklılıklar göz önünde bulundurulduğunda, öncelikli olarak, kamu kuruluşları ile değişik seviyelerde ilişkileri olduğu görülmektedir. Ana faaliyetler bakımından da Gürsel Tonbul Çiftliği ve Seferipazar farklılık göstermektedir. Seferipazar üretimi ana aktivite olarak göstermemektedir, çünkü bu girişimde üye çiftçilerin ürettiği ürünler pazarlanmaktadır. Gürsel Tonbul Çiftliği’nde de üretim, depolama, paketlemeye ek olarak, restoran, yağ müzesi ve rekreatif alana sahip olması dolayısıyla farklılaşan faaliyetler bulunmaktadır. Girişimlerin sahip olduğu değerler kapsamında da İpek Hanım Çiftliği çalışanlarına ve sağlıklı beslenmeye verdikleri özel önem dolayısıyla farklılaşmaktadır. Bireysel müşteriler dışında otel, restoran gibi kurumlara İpek Hanım Çiftliği ve Karakaş Çiftliği satış yapmamaktadır. Son olarak giderler kapsamında Seroliva tarım topraklarını kiraladıkları için diğer girişimlerden farklı bir gider kalemine sahiptir.

Girişimler ekosistemleri üzerinden de irdelenmiştir. Ekosistemleri düşünüldüğünde ilk olarak teknolojinin çok önemli bir rol oynadığı görülmektedir. Teknoloji sayesinde bu girişimler hem tanınırlıklarını arttırmaktadır hem de kendilerine yeni pazar alanları oluşturmaktadırlar. Kendi alanları dışında özellikle İstanbul ve Ankara gibi büyük şehirlere de satış yaparak pazar alanlarını genişletmişlerdir.

Sonuç olarak, kırsal kalkınma Türkiye için en temel konulardan biridir. Kırsal kalkınma kapsamında da tarımsal üretim ve ürünün tedarik süreci, son dönemde özellikle tüketicinin geleneksel gıda ağlarına yönelik sağlık ve çevre üzerine kaygıları ve üreticinin bu ağlardaki gelir sisteminde düşük paya sahip olmasıdır. Kırsal kalkınma için alternatif stratejiler ve aktörler düşünüldüğünde, kırsal girişimcilerin gıda ağlarında rolü çevrimiçi girişimlerle değişme imkanı bulmaktadır. Yapılan alan çalışmaları doğrultusunda, bu girişimlerin ilişki ağlarının girişimlerin kuruluş süreçleriyle yakından ilişkisi olduğu görülmüştür. Bireysel girişimler kamu kuruluşları ile zayıf ilişkiler içindeyken, sivil toplum kuruluşları ve yerel çiftçilerle daha güçlü ilişkilere sahiptir. Girişimciler, girişimlerinin sürdürülebilirliğini, tanınırlıklarını arttırmak ve satışlarını gerçekleştirmek üzere hem internet üzerinden hem de doğrudan olacak şekilde sağlamaktadırlar. İnternet üzerinden gerek internet siteleri, gerekse çeşitli sosyal medya ağları ile hem satışlarını gerçekleştirmekte hem de farklı kitlelere ulaşmaktayken, doğrudan da yüz yüze ilişkiler ile bu durumu sağlamaktadırlar. Girişimlerinin sosyo- ekonomik ve doğal çevreye etkilerini olumlu olarak tanımlamışlardır. Bulundukları alanda yerel halka istihdam imkanı sağlayarak ekonomik olarak olumlu etkiler sağlamaktadırlar. Ayrıca yüksek kaliteli ürün üretme amacı, bölgenin tanınırlığının artmasında katkıda bulunmaktadır. Çevresel etkiler açısından da, endüstriyel tarım yöntemlerinin aksine daha sürdürülebilir tarım yöntemleri kullanıldığı için toprakların korunmasının sağlanması ile önemlidirler. Tarımsal üründen elde ettikleri katma değeri arttırmalarıyla da, finansal açıdan sürdürülebilirliği sağlayarak, tarım topraklarının tarım dışı kullanımının önüne geçilmesi sonucunu oluşturmaktadırlar. Çevrimiçi satışlar ve kaynaklarla ilişkileri irdelendiğinde de, bu yöntemi kullanmalarının iki temel gerekçesi olduğu görülmektedir. Birinci olarak, satış alanı olarak uygun kaynaklara sahip olmama sonucu çevrimiçi satışlar bir çözüm olarak geliştirilmiştir. İkinci olarak da, satış pazarlarını kendi alanları dışına taşımak amacıyla çevrimiçi satış yöntemini uygulamaya başlamışlardır. Kırsal kalkınma bağlamında, çevrimiçi kırsal girişimlerin farklı oranda yerel istihdamı arttırdıkları ortaya çıkmaktadır. Yine çevrimiçi girişimlerle, yeni satış alanlarına erişilmesi sağlanmaktadır. Kırsal girişimcilik için önemli potansiyellerden, bölgeye göç edenler ve dışarıda tecrübe kazanmış yerel halkın, bu çalışmanın ana aktörleri olduğu görülmektedir.

Çalışmanın kapsamında çeşitli kısıtlar bulunmaktadır. Bunların ilki çalışmanın iki şehirle sınırlı kalmasıdır. Ayrıca, çalışmaya ilişkin tüm bilgiler, alan çalışması ile toplanmıştır, çevrimiçi kırsal girişimcilere dair herhangi bir kayıtlı veri tabanı bulunmamaktadır. Bu da çalışma süresini uzatmaktadır. Türkiye’de daha geniş kapsamlı bir çalışmanın yapılması için daha uzun bir zaman gerekmektedir.



1. INTRODUCTION: SEARCHING AN ALTERNATIVE FOR RURAL DEVELOPMENT

Agriculture is the main economic activity of rural areas that is one of the main tools for promoting rural development. The dynamics of contemporary rural development depends on the new economic approaches. New economic environment offers a milieu where locality gains importance and the development starts from local/individual. Therefore, agriculture sector is defined by its different actors and their relationships between each other. As a result, in the food chain, the role of the producer is open to changes. The important thing is to understand whether there is a relationship between the changing role of the producer and rural development. On this basis, in this chapter, the aim, structure and the methodology of the thesis are explained.

1.1 Aim

The motivation behind selecting the subject that studied in this thesis is discussing a new path for rural development. So, this thesis aims to examine online entrepreneurship as an alternative via analyzing the effects of online entrepreneurship on rural development and exploring its ecosystem. There are different approaches in this area. Agricultural studies are one of the key elements in rural development field. Due to both consumer health concerns about food and producers' economic problems related with low-income bring new considerations in food network systems, which can be called as alternative food networks (AFN). One of the important types of alternative food networks is online entrepreneurship. In order to seek a recent way for rural development, the thesis proposes to examine online rural entrepreneurship as a strategy for rural development by focusing on different case studies from Aegean region (Aydın and İzmir), Turkey. Moreover, this thesis addresses a number of questions including the following:

- How do these online rural entrepreneurs define socio-economical and environmental effects of their businesses?

- How do these online rural entrepreneurs manage to sustain their businesses via which channels?
- How do these online rural entrepreneurs define their relationship with online sales& resources?
- What are some network behaviors of online rural entrepreneurs related with food& agriculture?
- How can local food be supported with the help of alternative food networks (specific to online entrepreneurship) and can this situation be accepted as a new strategy for rural development?

There is a growing trend in AFNs. Sanino&Marsden (2006) state that AFNs are forecasting a switch from industrialized and conventional food sector to a re-localized farming and food regime. They have developed as a response to worries related with the after-effects of conventional food system (Beckie et al. 2012). Moreover, at first, AFNs were accepted as niches of social innovation, trust-based, equal relationships between consumers and producers and on more naturel, healthy and local ways of food production (Barbera, F. et al. 2014). The emergence of these new networks has newly been discussed in rural development agenda. As initiated by Dansero&Puttilli (2014), in rural development field, an increasing international policy support and scientific attention have been recently gained by AFNs.

The attitudes of the rural product consumer in urban area change, so the role of the agricultural/rural producer is likely to be transformed. As Jarozs (2008) indicates:

As rural regions in proximity to metropolitan areas restructure from agro-industrial forms of production to smaller scale family farms, urban growth creates demand for seasonal, locally grown foods as well as spaces for residential and business development. These processes simultaneously promote and constrain the emergence and development of AFNs. (p. 232)

Turkey being a rural dominant country offers different types of producers. On this basis, the cases of this study are chosen from Turkey.

1.2 Scope

The importance and characteristics of agriculture in Turkey has experienced changes since industrialization and urbanization movements. Industry and service sector gain importance, agriculture loses its economic power in Gross National Product (GNP).

However, according to SPO (2006), while agriculture's share in GNP decreases, an important part of the population continues to provide from agriculture. In 2015, the 21, 5% of total employment is in agriculture sector whereas 8% of GNP comes from agriculture (Turkstat, 2015). As a result, rural areas and farmers/producers are the ones who are affected negatively from this situation. The reasons behind farmers'/producers' negative situation are low added value and conventional food networks. First, agricultural products are vital for human life but they do not create economic power for the producer. As Çelik (2006) indicates, Turkish agriculture sector has a rich labour force and naturel resources but it creates added- value below its potential. Second, conventional food production and networks are unsustainable, industrial and low economic return for producers/farmers. Moreover, intermediary costs dramatically increase the price of the product. According to various products, from producer to marketplace, market/ bazaar and supermarket, the price gap increases to minimum %82 and maximum % 340 (Table 1.1). This comes with the question of who earns from agricultural production.

Table 1.1 : Average prices of chosen products (28.01.2016, TZOB, Bayraktar).

Products	Producer price (TL/Kg)	Market-place price (TL/Kg)	Market/bazaar price (TL/Kg)	Supermarket price (TL/Kg)	Market-place / Producer price gap(%)	Market/bazaar / Producer price gap (%)	Supermarket/ Producer price gap (%)
Tomato	2,02	2,51	3,17	3,92	24,48	57,15	94,67
Cucumber	1,99	2,46	2,83	4,03	23,74	42,62	102,74
Green pepper	2,73	3,55	4,25	5,10	30,04	55,68	86,81
Eggplant	1,90	2,72	3,17	4,22	43,23	66,96	122,64
Pumpkin	1,65	2,58	3,00	4,20	56,88	82,19	154,82
Carrot	0,72	1,08	1,54	2,05	49,31	114,12	184,41
Spinach	1,59	1,83	2,92	3,45	15,30	83,44	116,84
Leek	1,79	2,10	3,00	3,60	17,32	67,60	100,93
Cabbage	0,95	1,17	2,00	2,15	22,81	110,53	125,82
Cauli	2,10	2,50	3,10	4,00	19,05	47,62	90,24
Lettuce (perse)	1,04	1,50	1,96	2,70	44,23	88,30	159,67
Parsley (per)	0,27	0,34	0,85	1,17	27,36	220,75	341,51
Green onion (Kg)	3,32	4,70	6,00	7,50	41,57	80,72	125,90
Dried onion	1,55	2,03	2,50	2,84	30,97	61,03	82,89
Potato	0,66	1,08	1,88	2,01	63,50	185,17	205,96
Orange	0,50	0,92	1,42	2,12	83,33	183,33	324,44
Mandarin	1,25	1,58	2,33	3,18	26,67	86,67	154,00
Lemon	2,29	2,92	4,08	4,93	27,37	78,31	115,09
Apple	1,12	1,97	2,38	3,24	75,07	111,42	188,72
Dried beans	3,63	4,30	6,50	7,56	18,46	79,06	108,15
Chick pea	2,90	4,00	5,33	7,41	37,93	83,91	155,61
Red lentil	2,75	4,75	5,00	6,22	72,73	81,82	126,24
Green lentil	2,95	5,00	5,50	6,12	69,49	86,44	107,34

Under the light of this explanation, one can conclude that both low added value and conventional production in agriculture are the main problems. In the literature, AFNs are proposed as an alternative to shorten the distance between producer and consumer. In modern world, the producer of AFN takes the form of online entrepreneur having different roles. Thus, next chapter explores how this type of entrepreneurs are evaluated in this study.

1.3 Structure

This study evaluates the effects and ecosystems of online rural entrepreneurs on rural development. It consists of five chapters as shown in Figure 1.1.

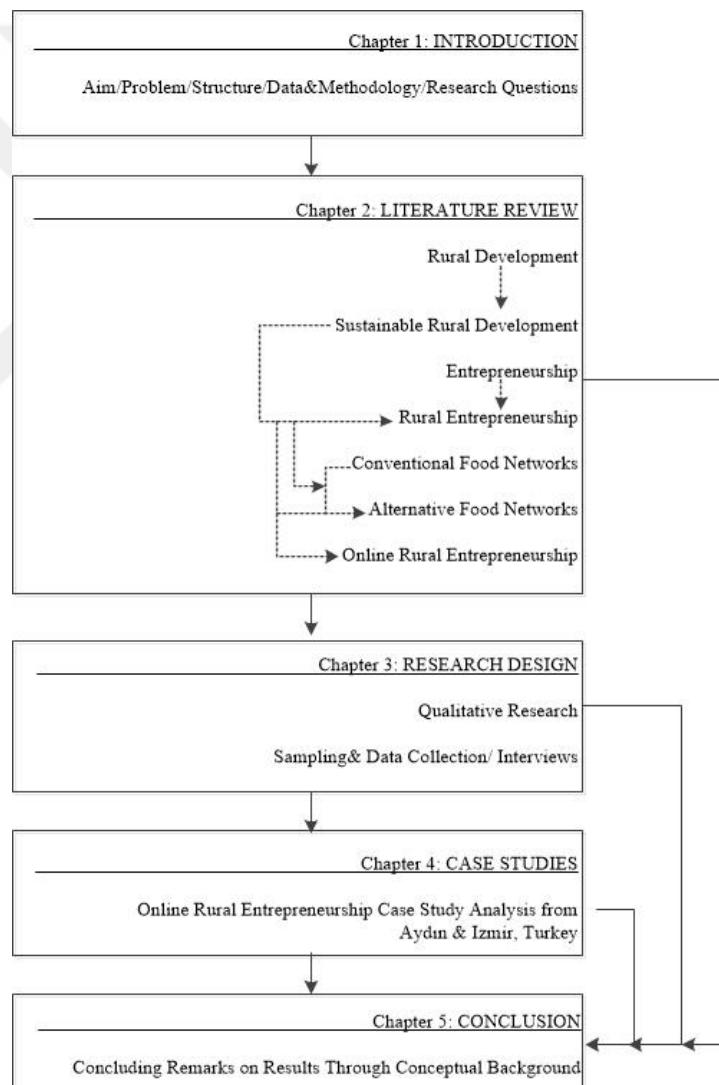


Figure 1.1 : Structure of the thesis.

The first chapter explains the problem, aim, research questions and the methodology of the thesis.

The second chapter discusses theoretical and conceptual background of the thesis. This chapter starts with rural development as the evolutionary and comprehensive concept of the thesis. In addition, the relationship between food networks and rural entrepreneurs is analyzed within the scope of rural development.

The third chapter presents research design of the thesis involving data collection with interviews and methodology. Furthermore, methodology part explains the general features of business model canvas and entrepreneurial network/ ecosystem.

The fourth chapter concentrates on case studies. Six online rural entrepreneurs from Aydın and İzmir are selected as case studies. Cases are analyzed starting with explaining general properties as background, location, product variety, employment structure and carrying on with business model canvas and network scheme of each enterprises.

The fifth chapter as the conclusion, reassess the study as a whole. The results of the case studies are explained by stressing on the relationship with the literature. Moreover, this chapter ends by stating the limitations of the study and recommendations for further research.

The following sub-chapter explains the prefatory remarks on data& methodology to better understand the link between literature and case studies.

1.4 Data and Methodology

Studies related to agriculture has a quantitative nature while entrepreneurship or rural-actors based researches are designed qualitatively. As this study deals in-depth with rural entrepreneurs, this thesis has a qualitative nature. Therefore, the data and information used in this thesis are derived from the primary data obtained by interviews and field visits in April 2016. Moreover, in order to source secondary information, scientific documentation as well as websites of the rural entrepreneurs are used.

According to Kvale (2006), to explore subjects' public and private lives, interviewing has evolved into an impressionable and effective method and has been

considered as a representative emancipating model of social research. Besides general features of interviews, the literature also discusses the different types of interviews. For instance, Turner(2010) points out, there are 3 types of interviews which are, informal conversational interview, general interview guide approach and standardized open-ended interview.

Interviewing is selected as a research method in this study because of different reasons. To begin with, documentation related with online rural entrepreneurship in Turkey are insufficient. As a result, information gathered from existing resources are narrow. Second, interviewing people who have different backgrounds gives the chance to identify both general agreements and arguments. Third, with interviews wider and more flexible information can be collected according to the answers of the interviewers. To sum up, interview is suitable and powerful method for this study. The interviews used in this study are standardized open-ended interviews.

After data collection phase, data analysis are made by using visualization techniques such as ‘business model canvas’ and network maps. The relationships of the system is analyzed and mapped by answered questions as what are the key activities, key resources, revenue streams, cost structure, channels, value propositions, customer relationships& segments (see appendix for the interview questions).

The next chapter explains theoretical and conceptual subjects in order to understand the background of the thesis.

2. THE RELATIONSHIP BETWEEN RURAL DEVELOPMENT AND ONLINE RURAL ENTREPRENEURSHIP

The global economy concentrates on technologic improvements rising from service sector in urban areas while changing the current situation of relatively less improved areas, and creating a pressure on localities. Due to these kinds of changes, rural areas are getting more vulnerable as they remain behind the technology. On this basis, rural development becomes an important issue to make rural areas survive from these forces. A crucial aspect of rural development is to understand and highlight the locality of rural areas, which includes local amenities and products. As Ray (1998) indicates, in order to promote rural economic and social welfare, local resources are considered as solution. The local products vary according to characteristics and productive activity type of a rural area. According to Pacciani et. al. (2001), a critical example of local resources is agro-food product. Under the light of this explanation, one can comment that, since rural areas are effective places where agricultural activities took place, food can be mentioned as one of the local products. Because local food is important as an opportunity for rural area for development, local actors who are entrepreneurs / entrepreneurial businesses should evaluate it. Since entrepreneurship have concrete economic profits for the local economy where they are established (Goetz, 2013), it is important to understand their system in relation with rural development. Moreover, to maintain the continuity of this system, the business models and ecosystem of economic actors (entrepreneurs) should be well understood.

This chapter begins with the explanation of rural development concept according to literature, continues with the importance of the entrepreneur as a key actor for rural development. Third, the chapter goes on with the features of food networks and alternative food networks in relation with entrepreneurs and their changing types. Finally, it finishes with analyzing online entrepreneurship as an alternative food network.

2.1 Rural Development

Rural development is one of the main study areas of the two last decades. To begin with, rural development studies are focused on locality. It is stated in declaration from the conference of European Commission 1994, “...rural development must be local and community driven...” (Cited by Midmore, 1998). Presently, the existing literature related with local development models are based upon agriculture, tourism, cultural activities, environmental management and such (Garofoli, 2009). Garofoli (2009) mentions that the objective of local development strategies and policies are using, valorizing and implementing local resources and creating active competing advantages via management of innovation and process of accumulation. As a result, rural development should be considered through highlighting the local characteristics of the area.

Rural development carries on being a crucial policy field since it expands to a lot of subjects that influence both urban and rural habitants’ quality of life (Green& Zinda, 2013). A definition of rural development is made by Lele (1975) as developing life standards of the low-income rural residents and creating a self-sufficient development continuum for them. According to van der Ploeg et. al. (2000), rural development means creating recent products, services and evaluating recent markets while dealing with the development of recent types of cost decline via detailing new technological paths. Moreover, rural development is also related with quality of life of rural people, and as shown in Figure 2.1, the determinants of rural development are natural resources, human resources, capital, technology, institutions and organisations (Singh, 2009).

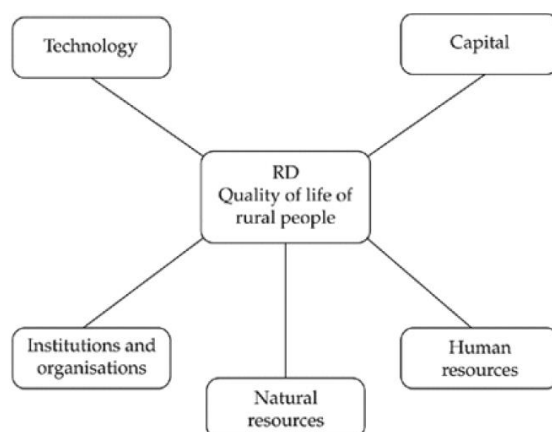


Figure 2.1 : Determinants of rural development (Singh, 2009).

According to Pacciani (2001), rural development can be analyzed via three word which are endogenous, integrated and sustainable. Likewise Pacciani but in more detail, Marsden (2010) explains rural development with six different fields which are endogeneity, novelty production, social capital, governance of market, new institutional arrangements and sustainability (Table 2.1).

Table 2.1 : Six fields of rural development (Marsden, 2010).

Endogeneity	The degree to which rural economies are (i) built upon local resources, (ii) organized according to local models of resource combination, and (iii) strengthened through the distribution and reinvestment of produced
Novelty	New insights, practices, artefacts and/or combinations (of resources, technological procedures, bodies of knowledge, etc.) that carry the promise that specific constellations function better
Social capital	the ability of individuals, groups, organizations or institutions to engage in networks, cooperate and employ social relations for common purpose and benefit
Market governance	Institutional capacities to control and strengthen existing markets and/or to construct new ones
New institutional arrangements	New institutional constellations that solve coordination problems and support cooperation among rural actors
Sustainability	Territorially based development that redefines nature by re-emphasizing food production and agro-ecology and that reasserts the socioenvironmental role of agriculture as a major agent in sustaining rural economies and cultures

Rural development can be seen as series of actions for a change which includes reconstructing distribution methods (for products, services, added value) that causes adaptations in agriculture, food production, rural subsistence and the rural area (Hebinck et. al. 2015).

Throughout history, there has been various models and paradigms explaining development. However, a globally approved theory for defining rural development does not exist (Singh, 2009 & Akgün et. al. 2015). In other words, as Ward & Hite (1998) indicate, a particular, mainly approved and officially described model is not present for rural development. Nevertheless, according to Singh (2009), development theories such as Modernization Theory, Dependency Theory, Rosenstein- Rodan's Theory Of Big Push, W. Arthur Lewis' model of economic

development, Gunnar Myrdal's 'Spread and Backwash Effects' thesis, and The Human Capital Model of Development may be relevant in order to explain rural development. Brief explanations of these models and their relation to rural development are shown in Table 2.2.

Table 2.2 : Paradigms of rural development (Author's summary from Singh, 2009).

Modernization Theory	The modernization theory suggests beneficial inner vision in the rural development framework for example; there is a need for the modern technology in order to increase agricultural production (in other words internal factors are effective in rural development and technology is seen as an important component)
Dependency Theory	To analyze the determinants of rural development, it is important to consider different inter-sectoral linkages and decide if they are advantageous to rural people.
Rosenstein- Rodan's Theory Of Big Push	The theory offers that in order to create a successful development program, there is a minimum level of resources that must be dedicated
W. Arthur Lewis' model of economic development	According to this model because the labour supply has no limit, new industries can be built up and the current ones can be extended. Unfortunately, this model does not take into consideration the probability of a change in agricultural productivity
Gunnar Myrdal's 'Spread and Backwash Effects' thesis	Myrdal initiates that when the capital, labour, goods and services clusters in specific areas, the other areas, generally rural, are left in backwaters which causes regional inequality
The Human Capital Model of Development	This model highlights the significance of human capital in the continuum of both economic and social development

Moreover, likewise Singh (2009), Green& Zinda (2013) explain rural development with three different theories, which are modernization theory, dependency theory and globalization theory. First, modernization theory offers that the rural areas which are more unified into larger economic and social systems, have the tendency to develop (Green& Zinda, 2013). Under the light of this information, it can be assumed that as a result of urban-rural continuum, rural areas would develop via following a path and they would resemble to urban areas. Second, contrarily to modernization theory, dependancy theory indicates that cutting rural areas' relationship with larger

economic and social systems and becoming autonomous is the most suitable strategy for rural areas (Green& Zinda, 2013). This means that, rural areas are not obliged to look like urban areas in terms of development. Finally, according to globalization theory, rural areas are not tend to cut their relationships with broader economies (Green& Zinda, 2013). Instead, if they are directed to global markets, it will be a path for development.

There has been different strategies and thoughts for providing development in rural areas. Green& Zinda (2013) categorizes rural development strategies as; amenity-based development, industrial cluster, regionalism and entrepreneurship. To begin with, as Kim et. al. (2005) indicate earlier studies propose that natural amenities have important effects on inhabitants, employment and income development. The relationship between development and amenities is shown in Figure 2.2. As amenity- based development considered for rural area tourism is the most affected sector related with the presence of amenities (Green& Zinda, 2013; Kim et. al. 2005).

Development destroys natural amenities	Preservation of natural amenities restricts development
Development enhances natural amenities	Preservation of natural amenities increases development

Figure 2.2 : Relationship between development and amenities
(Green& Zinda, 2013).

Second, when industrial clusters are considered for rural industrialization strategy, according to conclusions of Barkley& Henry (1997) industrial clusters can supply important benefits to regional economy. Moreover, Green& Zinda (2013) indicate that clusters supply new chances for high-income employment at the same time proposing more long-period sustainability to society. Third, being as a rural development strategy, regionalism can create economies of scale, catch spill over effects and develop knowledge and authorization (Green& Zinda, 2013). Finally, when the relationship between entrepreneurship and rural development is taken into consideration, one can mention that it is an important strategy because entrepreneurship reveals opportunities related to local values (Green& Zinda, 2013). Moreover, according to Henderson (2002), in order to foster economic growth, there is a twist to entrepreneurial development strategies in rural development.

There are various thoughts related to rural development. As van der Ploeg et. al. (2000) indicate, while according to a part of spectators rural development is only

enhancement of current agriculture models and rural life, others expect that these two together will be subjected to important alterations. Through time, rural development ideas have undergone changes. As an example, Ellis& Biggs (2001) creates a timeline about the evolution of rural development themes from 1950s to 2000s. According to this timeline (Figure 2.3), at the beginning, main ideas are modernization, mechanization, innovation, however, from 90s, farming techniques, food safety, environment and sustainability gain importance.

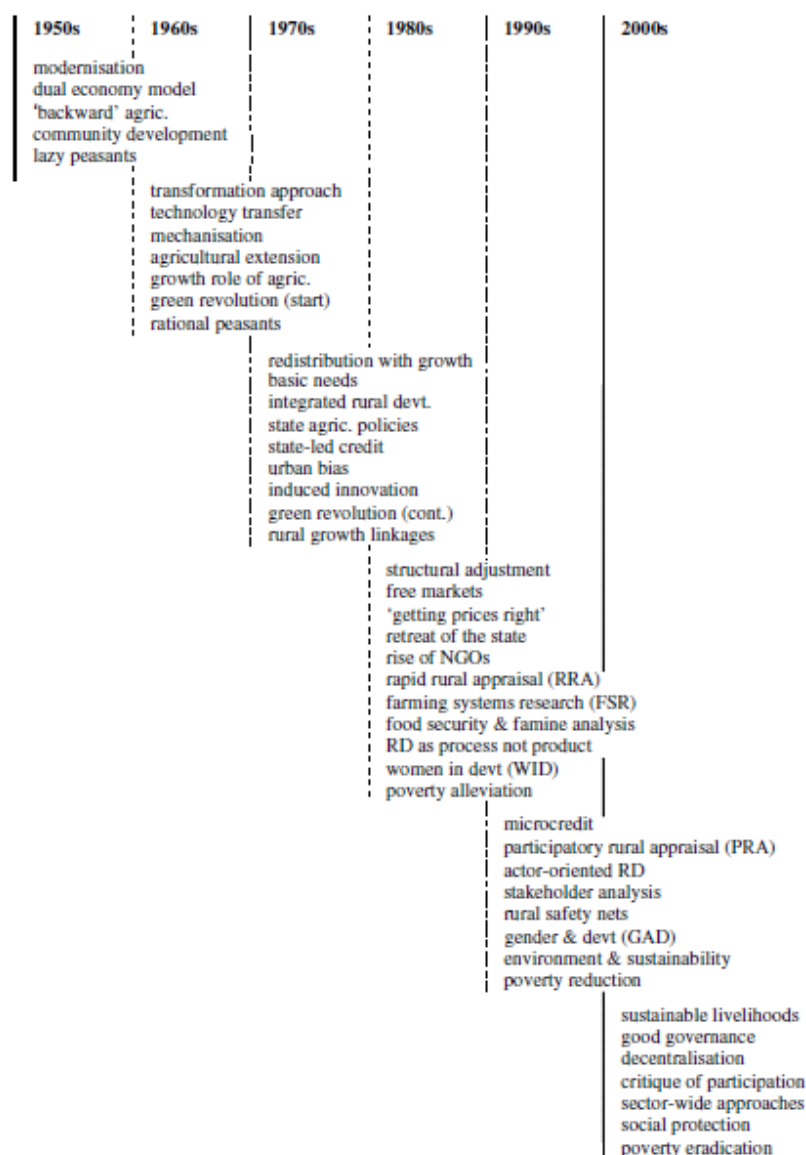


Figure 2.3 : Timeline of rural development ideas (Ellis&Biggs, 2001).

As initiated above in Figure 2.3, sustainability becomes an important element in rural development. According to Akgün et. al. (2015), sustainable rural development is the invitation for providing sustainability and lastingness of rural areas during making

use of their chances in the global arena. Before describing sustainable rural development, one should mention what sustainable development means. Sustainable development is one of the most important subjects in global economic and political area. In the report “Our Common Future”, the World Commission on Environment and Development (1987) describes sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Schultink (2000), indicates that sustainable development is advancement of development plans and policies with objectives aiming to reach sustainable flow of goods and services that promote life quality. When it comes to sustainable rural development, Pugliese (2001), describes it as the combination of the sustainability theories with new rural development flows and advancing human welfare, protecting natural resources while sustaining economic growth.

In order to provide sustainable rural development, some strategies should be developed. Singh (2009) mentions crucial aspects of a sustainable rural development strategy are:

Sustainable agriculture, food security and ecological security; judicious management of natural resources and natural disasters; optimal development and utilisation of human resources; alleviation of poverty and inequality through higher economic growth; reorienting technology and reducing risk; optimal use and management energy resources; removing market imperfections and getting the prices right; mainstreaming gender in development strategy; and creating a congenial international economic and political environment.(p. 20)

What is more, Akpınar et. al. (2003) initiate the actions that should be ensured for sustainable rural development as follows;

- Agricultural lands should be protected and advanced,
- Agricultural productivity and retailing of agricultural products should be developed,
- Job opportunities in both agricultural and non-agricultural sectors should be created,
- Agricultural productivity’s share in national income and rural people should be increased.

To create sustainable rural development, Kitchen& Marsden (2009) list potential rural eco-economy sectors as,

- Agriculture,
- Agri-food,
- Renewable& alternative energy,
- Mining& quarrying,
- Coastal and inland waterways,
- Tourism,
- Countryside landscape& biodiversity,
- Forestry.

Within all these sectors, agriculture plays a central role in sustainable approach even though its importance in economy decreases and accepted as a main way for decreasing poverty and providing economic growth in many developing countries (Pugliese, 2009, Kitchen&Marsden,2009, Akpınar et al., 2003). Furthermore, Lobao& Sharp (2013) initiate that in global extent, the common economic basis in rural area is agriculture.

Finally, change in rural development approach brings new relationships within agricultural sector. Marsden (2009), mentions that, in opposition to agri-industrial model the rural development model offers networks of farmers and farms in the same region. As pointed out by Renting et al. (2003), the development of this new network is related with the rise of locally-based short food supply chains. Furthermore, Marsden (2009) indicates that they establish new relationships between downstream buyers (retailers, caterers) and they start to contribute appreciable economic value to local rural economy.

On the basis of the above, rural development without a specific theoretical approach, corresponds not only on economic/sectoral development but also resource management, human development, governmental development and infrastructural development (Table 2.3) (Kuek et. al., 2012). Each sector has various types of segments. Moreover, in relation with these segments there are development challenges. It is important to overcome these challenges in order to provide development in rural areas. In other words, a rural development typology consists of sub-sectors, segments and development challenges.

Table 2.3 : Rural development typology (Kuek et. al., 2012).

Sub-Sector	Segment	Development Challenges
Agriculture, Animal husbandry, Fisheries& Forestry	Livelihood	Transition from subsistence to income generation
		Small-scale farmers face relatively high transaction costs
	Agro- support	Detrimental/ catastrophic impact of storms or draught
		Disaster management
	Agro- marketing/ trade(e.g., advertising, pricing, strategic link-ups)	Lack of contact with local/regional markets
		Lack of access or effective contact between the various players(producer, buyer, bank) in agric markets
		Control of information& resources by middlemen
		Geographic/transportation challenges to trade
	Distribution, logistics& traceability	Inefficiencies, delays& costs in collection, transportation& record keeping
		Fraud at produce collection points affecting farmer incomes
		Cost of implementing solutions
	Other rural SME& microbusiness	Financing for start-ups
	Extension services	Access to fundamental knowledge re farm& crop management, etc., timely assistance
Literacy& capacity building challenges		
Research & innovation (e.g. new supply chain/business models)	Access to information& finance	
	Access to most recent information on crops, pests, etc.	
Resource Management	Water	Lack of wells& irrigations
		Water contamination
		Cost of water
		Challenges in scaling up solutions
	Land	Land ownership
		Soil erosion
		Appropriate fertilizer use
Environment& climate	Impact of climate change	
Labor, Migration and Human Development	Employment	Lack of information, especially geog. Specific info →i.e. jobs available in a specific region
		Lack of jobs
	Education, learning& training	Low literacy, especially among women
		Costs of schooling
	Rural youth	Opportunities, mentoring, skills, finance
	Rural women opportunities	Opportunities for business& self-betterment
SMEs and micro businesses/private sector development	Training& mentoring	
Migration	Urbanization	
Governance/Political	E-government and administration relevant to rural development	Corruption
		Opportunity to consult political leaders
		Empowerment& participation
		Information about issues
	Awareness raising	Availability of programs to rural people
	Other m- government services	Registration of all personal data, companies, land ownership, etc.
Taxation& other levies		
Rural Finance, Infrastructure& ICT	Mobile money, m-banking and micro finance related services	Access to appropriate finance
		Regulatory, technological, literacy challenges
	Agricultural insurance services	Detrimental/ catastrophic impact of storms or draught
		Access to insurance for small farmers, as well as understanding& trust
	Transport	Infrastructure (roads, vehicles, etc.)
		Cost of transportation in rural areas
	Broadcasting& program related	Potential for local& regional participation& voice
Printed media	Distribution, choice of printed media	

According to Kuek's typology, agriculture is one of the sub-sectors of rural development. Moreover, agro- marketing/ trade with research and innovation are the two important segments when the establishment of new relationships in agriculture is considered. Unfortunately, there are development challenges for these segments such as; lack of contact with local/ regional markets, lack of effective contact effective contact between the various players (producer, buyer, bank) in agric markets, control of information& resources by middlemen and geographic/transportation challenges to trade (Kuek et. al., 2012). At this point, rural entrepreneurs as local actors, have the ability of overcoming these challenges.

Therefore, the achievement of rural development depends on considering multi purposes and to become an actor in this developmental process the contribution to all these layers are important. Next sub-chapter offers a literature summary on the main actor in rural development, i.e. entrepreneur.

2.2 Rural Entrepreneurs& Entrepreneurship

There are different definitions of entrepreneurship in literature. According to Uzulmez (2008), all of the processes such as taking risk, evaluating opportunities, discovering activities that will benefit can be identified as entrepreneurship. As described by Goetz (2013) most of the various definitions of entrepreneurship contains the ideas such as taking risk and innovating recent goods or processes with recent methods. By innovation Goetz (2013) refers to development of a current product instead of a completely new product. The one who conducts these entrepreneurial activities is called as the entrepreneur. An entrepreneur is a person who constitutes recent production factor combinations like recent production methods, recent products, recent retail area and discovers recent supply sources and recent organizational types (Patel& Chavda, 2013). Moreover, an entrepreneur is the person who starts his/her own business with gathering essential knowledge-skill, personnel, equipment, and financial resources thereby producing products that society needs (Uzulmez, 2008). Due to new economic developments local gains importance and this increases the role of entrepreneurship. If theoretical frame is analyzed it can be told that with the effect of globalization the economic geography concept is changed. According to Krugman (1991), as a result of increasing returns, production is concentrated in certain regions and transportation costs decrease. Thus

regions with high density population are characterized as attractive regions for production. Besides their unveiled potentials economic geographies have hidden potential. At this point entrepreneurs can reveal these undiscovered potentials thereby producing new solutions with alternative methods and resources.

Entrepreneurship in rural area has become one of the important issues in rural development studies. As Akgün et. al. (2011) indicate, entrepreneurship can be viewed as the key instrument for supporting rural development and for profiting from rural capital. Furthermore, Wortman (1990) defines rural entrepreneurship as “the creation of a new organization that introduces a new product, serves or creates a new market, or utilizes a new technology in rural environment”. Rural entrepreneurship differs from other entrepreneurship types as a consequence of its specific geographical characteristics (Korsgaard et. al. 2015). On this basis, the local resources play a crucial role in entrepreneurial activities in rural area. As Korsgaard et. al. (2015) indicate, rural entrepreneurship includes recent mixtures of local and place-based rural resources which generate profit for both the entrepreneur and rural area. When rural entrepreneurship is discussed one should explain the definition of the rural entrepreneurs and mention what are the basic principles of them. Hoy (1987) describes the rural entrepreneur as risk taker, independent, self-confident, success oriented, optimistic, hardworking and innovative. Moreover, as indicated by Patel& Chavda (2013), ideal usage of local resources, activation of such system that supports fundamental “6m”: manpower, money, material, machinery, management and market for rural inhabitants and entrepreneurial activities for rural inhabitants in order to diminish discrimination are the basic principles of a rural entrepreneur.

Rural entrepreneurs raise employment, increase salary, develop wealth, advance life quality of inhabitants and assist rural society perform globally in economic area (Henderson, 2001). Unfortunately, a rural entrepreneur might face some problems which are financial problems such as scarcity of reserve, insufficient infrastructural facilities, risk factor; marketing problems as competition, middlemen; management problems; human resources problems for instance moderate skilled workers and negative attitude about entrepreneurship (Patel& Chavda, 2013). In addition to that, rural areas are not high density settlements which results narrow local demand and makes it hard to accomplish economies of scale (Dabson, 2001). The rural entrepreneurs should find solutions in order to overcome these difficulties. On the

other hand, Dabson (2001) explains the opportunities of a rural area for entrepreneurship are, the goods created propose quality, creativity, connectivity to nature; the attracted life quality, natural assets by entrepreneurs to relocate; the expansion of faster telecommunication connection. In this manner, rurality which forms both opportunities and limitations, should be considered as a vital entrepreneurial resource (Stathopoulou et. al., 2004). Dinis (2006) analysis the problems and opportunities of rural area for entrepreneurship with a swot technique (Figure 2.4).

There are different policies for promoting rural entrepreneurship. In general, human capital plays an important role in development of entrepreneurship in rural areas. With a more focused scope, Labrianidis (2004) analyzes rural entrepreneurship development policies. To begin with, there are different possible sources for rural entrepreneurship such as, young people, leading figures (incomers, locals who are experienced from outside) and in-migrants (Labrianidis, 2004). On this basis, one should mention that, local and in-migrant entrepreneurs have different demographic characteristics. In- migrant entrepreneurs are from a higher age group compared to local entrepreneurs and commonly, their education level is high (Akgün et. al. 2011).

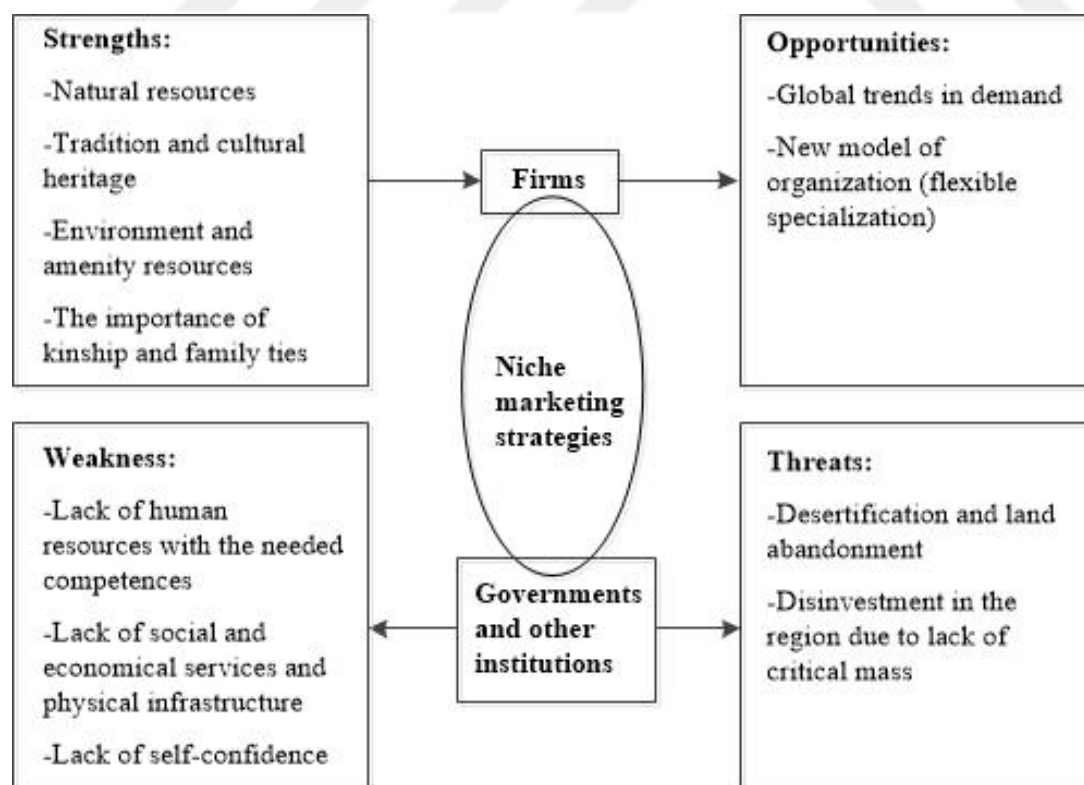


Figure 2.4 : SWOT analysis of rural areas (Dinis, 2006).

Second, it is important to promote infrastructure in order to sustain entrepreneurship via education& training and developing business growth centres (Labrianidis, 2004). Finally, some actions can be done for improving rural areas' entrepreneurial capacity including the creation of linkages with organizations, which are outside the area, the promotion of the region's endogenous potential, establishing assistance on new enterprise formation (Labrianidis, 2004).

The various types of rural entrepreneurship are listed by Sharma (2013) as agro-based, forest based, mineral based, textile, handicrafts, engineering, services and tourism. When agro-based rural entrepreneurs are considered, the rural entrepreneurs can play an important role as being a key actor in food networks. In order to be the key actor and be successful, embeddedness is necessary. As Jack and Anderson (2002) indicate, being embedded should affect the entrepreneurial process because entrepreneurship is creating and deriving value from an environment. Moreover, rural entrepreneurs should rather accomplish embeddedness to establish, sustain and achieve their businesses (Akgün et. al., 2010). Embeddedness creates positive results for entrepreneurship. To begin with, getting and obtaining local knowledge, reliability and resources are the outcomes of embedding actions (Jack & Anderson, 2002). Furthermore, according to Akgün et. al. (2010), embeddedness in rural provides; knowledge about the market to rural areas, innovation to market and an environment for the entrepreneur (in order to create better lifestyle). On this basis, in order to understand how can a rural entrepreneur be a part of food networks, the next sub-chapter explains the characteristics and recent changes in food networks.

2.3 Rural Entrepreneurs' Ecosystem: Food Networks

Besides actors, actions are also important to achieve rural development. Therefore, not only entrepreneurs but also their activities and activity channels need to be well understood. Recent theories explaining rural development stress more on the importance of food networks due to the global food concern and concerns related to the problems of rural areas (Marsden et. al., 2000). In this section, food network types, viz. conventional and alternative, will be discussed according to their actors and the relationship of these actors between each other.

2.3.1 Conventional food networks

Ilbery & Maye (2006) describe characteristics of conventional food systems as 'hypermarkets', 'industrial production', 'unsustainable' and 'economies of quantity'. Food chains consist of different actors. According to Fritz and Schiefer (2008), suppliers, primary producers, processors, manufacturers, retailers and consumers are the actors that symbolize the food value chain. Moreover, as stated by Stevens (1989), suppliers of materials, facilities of production, distribution and customers are involved in supply chain, connected with each other by material and information flow (cited by Vorst et. al. 1998). Sobal et. al. (1998) indicate that supplied materials are converted into products and farmers cultivate and raise animals. Processing is another step in the food chain. Uncooked agricultural products and collected food resources are transformed into foods, which may be delivered to families for directly consuming or cooking (Sobal et. al. 1998). In short, all these actors are responsible for different actions in relation with different functions (Table 2.4). Moreover, the relationship between the actors in conventional food network are shown in Figure 2.5.

In the food chain, there are different factors that affect the actors of the chain. Firstly, the contribution of the actors is influenced by their position in the chain (Van Hoek, 1998 cited by Aramyan et. al., 2007). Secondly, the relationship of the actors within the chain is another important factor that affects the efficiency of the chain. The relationship success is increased by information sharing, communication, identification of mutual benefits and cooperation at a high level (Bowersox and Closs, 1996 cited by Aramyan et. al., 2007).

The developments in conventional food networks bring problems. For example, Morgan & Murdoch (2000) indicate that the three main sources causing crisis are; increasing cost of agricultural support, heavy doubts about the food quality and environmental externality effects' visibility. Furthermore, as Renting et al. (2003) mention, on the consumption perspective there is a decrease in consumer trust and on the producer perspective, "price squeeze" can be accepted as a reason for unbalanced development. In order to fight with these and decrease the impact of the crises as well as changing demands, AFNs have been offered.

Table 2.4 : Functions, actors and activities of a conventional food chain
 (Author's summary from various sources Shrestha, R. 2012, Hawkes, 2009 cited by Hawkes & Ruel, 2012).

FUNCTIONS	Input supply	Production	Process (+storage)	Distribution	Retailing	Consumption
	Suppliers: Crop breeders, extension services, seed, agrochemical, and farm machinery companies	Primary Producers: Farmers, agricultural laborers, commodity producers	Packers, millers, crushers, refiners	Importers, exporters, brokers, wholesalers	Retailers: Informal retailers, supermarket chains, restaurants, fast food companies	Consumers
	-Seed collection -Seed supply -Fertilizer supply	-Growing -Harvesting -Drying	Food storage and processing	Transporting the products	Retailing	Consumption

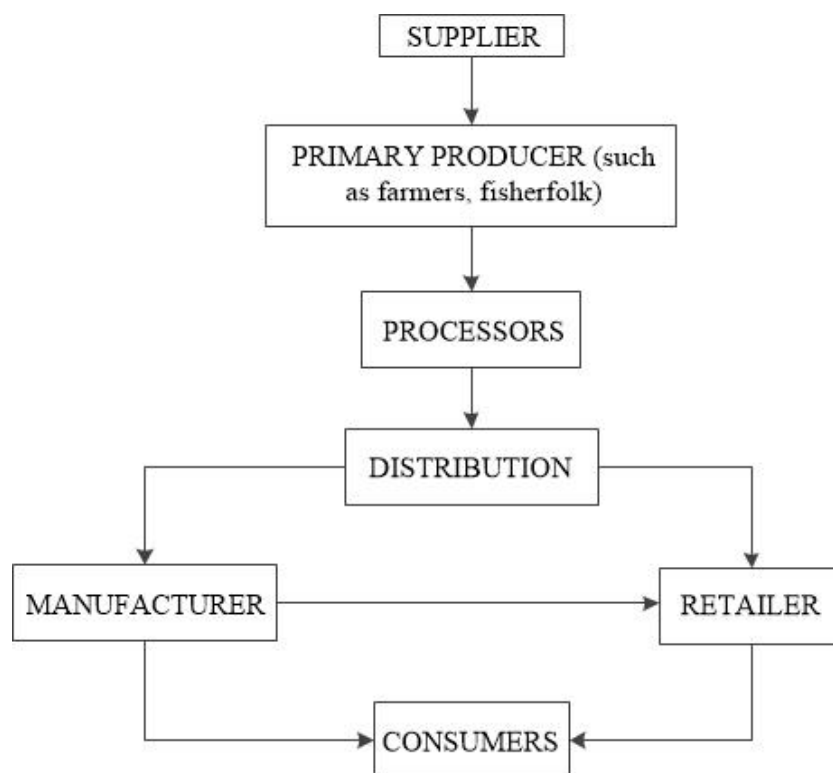


Figure 2.5 : Conventional food chain actors.

2.3.2 Alternative food networks

There have been changes in consumer habits due to health and ecological concerns. As a result of consumer's attraction in local and natural foods, an opportunity for switching food production type from industrial (conventional) which primary producers take declining amount of total added value, to alternative food networks (Marsden et. al., 2000). As Marsden (1998) indicates, quality as a food criteria, creates differentiation in food markets. Moreover, one of the main aspects of recent rural development is the establishment, application and evolvement of alternative networks (Renting et al. 2003). With regard to this information, one can comment that rural development practises are going through some changes. According to van der Ploeg et. al. (2012), these new practises (re-)incorporate distribution and processing inside the farm while doing addition particular features and values to the products which result creating higher added value.

To define AFNs, different characteristics should be indicated. To begin with, according to Sonnino& Marsden (2006), new supply networks' capability to re-socialize or re-spatialize food that is defined by the locality, is an essential characteristic of them. As a result as Beckie et al.(2012) states, re-localizing food can accomplish favorable circumstances for recent and powerful relationships to arrange among different actors in the supply chain, containing more directly linking food to local farming practices and the production place. Also new supply networks are crucial transmitters to build new relations between agriculture and people, consumers and producers (Renting et al. 2003). Moreover, Feenstra (1997) indicates that, AFNs are grounded in specific locations and they target to be economically reasonable for farmers and consumers, use ecologically healthy production and distribution practices and improve social equity and democracy for entire community. Jarosz (2008) makes another definition, as follows:

AFNs are defined in four major ways: (1) by shorter distances between producers and consumers; (2) by small farm size and scale and organic or holistic farming methods, which are contrasted with large scale, industrial agribusiness; (3) by the existence of food purchasing venues such as food cooperatives, farmers markets, and CSA and local food-to-school linkages;² (4) by a commitment to the social, economic and environmental dimensions of sustainable food production, distribution and consumption. (p. 232)

Finally, as Marsden et. al. (2000) mention, foods produced with alternative food networks are described by their locality and quality.

There are different trends shaping AFNs. Hernandez(2009) summarizes these trends such: quality food schemes, quality certification, organic food, community-supported agriculture, box schemes, farmers' markets, direct(on farm) sale, public sector food procurement, buy local food, communitarian food supply projects, urban food gardens, fair trade and finally diet and lifestyle. These trends show that AFNs result emergence of new markets. van der Ploeg et. al. (2012), explain the main characteristics of these new markets as listed below:

- The special quality of the product (or service) is widely recognized by consumers and translates into a premium price and a durable reputation
- The definition of quality is commonly shared by producers, processors, distributors and consumers and based upon flows of communication that go backwards and forwards
- Production is characterized by low levels of external inputs
- Production, processing and consumption are linked through short and decentralized circuits (while short in terms of the number of links they can be long in geographical sense)
- The value added per unit of product is high (especially at the level of primary production)
- The links between producers, processors, distributors and consumers are patterned in a horizontal, web-like way that contrasts strongly with hierarchical patterns
- The pattern as a whole allows for flexibility and further internal differentiation
- From a socio-economic point of view the patterns as a whole represent a coalition of interests and opportunities; from a cultural point of view both product and pattern strongly contribute to individual and regional identities
- Product and pattern are institutionally defended (through consortiums, joint service units, protocols that specify the production and processing techniques and labels, etc.)
- It is difficult for outside interest groups to take over these products and patterns
- Both product and pattern are grounded on a common pool resource, i. e. the capacity to elaborate and distribute a distinctive product
- The different elements that make up a nested market cannot be industrialized; the artisanal techniques and the specific nature of resources involved resist scale- enlargement and standardization
- The process of production and processing are built on open source technologies that allow collective learning processes
- Concentration ratios are low
- Nested markets tend to interact and intertwine with other nested markets, thus creating synergies and contributing to their robustness; this occurs at the farm enterprise level as well as the level of the territory

Furthermore Marsden et al. (2000) state that AFNs may be separated into 3 major types: face-to-face (consumers buy a good from the producer directly), spatial closeness (in a particular place goods are produced and sold), spatially lengthened (the good's regional identity and local worth are included into it and transformed to consumers outside the region).

Alternative food networks affect actors and their relationships differently. Marsden (2000) indicates that, alternative food networks display new relationships of association and institutionalization; they involve companies and actors that have redefined their relationships with the state; they reconfigure the natural, quality, regional, and value constructions associated with food production and supply; they show positive value-added gains in terms of farm income; and they reveal considerable variation in the associational and face-to-face interactions involved in the production, 'animation', and sales of food. (cited by Sannino and Marsden, 2006). Alternative food networks have a broader relationship between actors (Figure 2.6).

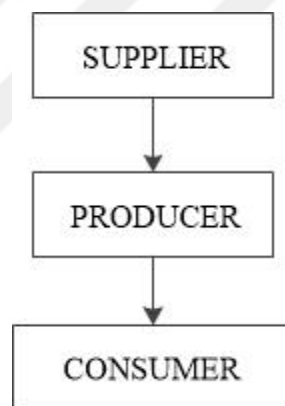


Figure 2.6 : Alternative food chain actors.

The main problems about AFNs are related with their effect on economies and people. First, AFNs are criticized about the amount of the people they reach. As Goodman (2004) points out, quality alternative food production appears destined to keep its position as a favored income groups' diet. Second, Brown and Miller (2008) indicate that most of the farmers who are employed in AFNs depend upon external systems to protect their activity because they believe these actions inadequate to maintain their wages. Under the light of this information one can comment that AFNs are not strongly effective in regional economy. But, more and in depth studies are needed to better understand the impact of AFNs.

2.3.3 Comparison of conventional and alternative food networks

Although the idea behind food networks is the same, both types are different from each other in notion. As described by Ilbery& Maye (2006) hypermarkets, industrial production, unsustainability and economies of quantity are the main characteristics of CFNs while AFNs are local markets, artisan production, sustainable and economies of quality. In conventional food networks the relationship of the actors are different from AFNs. Processing, distributing, retailing& manufacturing are the steps after supply and the production of food. On the other hand in AFNs the producers have the chance to sell their food to consumers without any further step. As a result one can conclude that AFNs provide direct relationship between producer and consumer which means shorter distance. Moreover, the scale of these two networks are unlike each other. Because of the industrial production CFNs are global. However, AFNs emphasize the use of local products. The comparison of these two food networks is summarized in Table 2.5.

Table 2.5 : Comparison of food networks(Author's summary from various sources (Ilbery&Maye, 2006, Jarosz, 2008, Sonnino& Marsden, 2006).

Conventional Food Networks	Alternative Food Networks
Hypermarkets	Local markets
Industrial production	Artisan production
Unsustainable	Sustainable
Economies of quantity	Economies of quality
Long distance	Shorter distance
Large scale	Small scale
Global	Local
Indirect& weak relationship between producer and consumer	Direct& powerful relationship between producer and consumer

The characteristics of the different two networks are summarized in Table 2.5. According to this table, it can be mentioned that, these two networks have different food markets. With explaining the role of the farmers and how they are affected from the market, the different features of the markets are summarized in Table 2.6. In order to create this table, van der Ploeg, et. al. (2012) ask four main questions such as; who owns, does and gets what & What is done with the surpluses? According to the answers of these questions listed in the table, one can comment that because large-scale companies own general food markets, which belong to CFNs, farmers do not find the chance to be a part of the whole process. Instead, they can be only active

in the initial steps of the food network. Moreover, because of short cycle in the food network, farmers are able to have higher amount of total value. Another important subject is the usage of surplus. In general food markets, surplus is used to enlarge the business, which is only aiming improving the quantity of production and sales. On the other hand, in new markets the surplus is used for improving primarily the quality of production.

To sum up, CFNs are transforming food sector as an economic activity of the global village while AFNs are trying to add volume to the uniqueness of a locality in rural area. Although competing with CFN is very difficult for AFN, entrepreneurs in AFNs started to adopt themselves on technological improvements not on the production stage but in the marketing phase. This helped them to extent their network and remain local while acting global. These actors take the form of online entrepreneurs.

Table 2.6 : A schematic comparison of the general and new food markets (van der Ploeg, et. al. 2012).

	General agricultural and food markets	Newly emerging markets
Who owns what?	Most linkages between production, processing, distribution and consumption of food are controlled by food empires	Short circuits that interlink the production and consumption of food. These short circuits are owned or co-owned by farmers
Who does what?	The role of farmers is limited to the delivery of raw materials for the food industry	The role of farmers is extended to embrace on-farm processing, direct selling and the redesign of production processes that better meet consumers' expectations
Who gets what?	The distribution of value added is highly skewed; most wealth is accumulated in food empires	Farmers get a higher share of the total value added
What is done with the surpluses?	Accumulated wealth is used to finance the ongoing imperial conquest (take-over of other enterprises, etc)	Extra income is used to increase the resilience of food production, to strengthen multifunctional farming and to improve livelihoods

2.4 Online Entrepreneurship as an Alternative Food Network Strategy

According to Chandra& Malaya (2011), via merging technology with development, more productive and rapid answers can be achieved for sustainable development. Since sustainability gains importance in rural development, including technology in rural development strategies is necessary for successful improvements. To this respect, the usage of different media canals like computers, mobile phones and World Wide Web has guided many promising uses and value development chances in agriculture and rural development (Maumbe, 2013). Especially, using these technological items in marketing of agricultural products is becoming an important way for changing agricultural marketing. On this basis, when food supply chains are considered, it can be seen that alternative food networks refer to new types of agricultural marketing. Online entrepreneurship via e- commerce activities can play an important role in AFNs. In order to analyze this relationship, this section explains what online entrepreneurship means and what is the role of e- commerce in agriculture.

With technological developments, online processes are increasing in both daily and business life. As Dheeriya(2009) indicates, traditional markets loose economic return to the internet- based business and in current business world, online entrepreneurship is emerging as more and more considerable. Online entrepreneurship is defined as any attempt accompanied on the internet. It surrounds regular entrepreneur's activities, however, operation mode is based on technology (Dheeriya, 2009). Moreover, Agostinho et al. (2015), summarize the online entrepreneur as qualified for using social media and the apps in order to establish concepts for online businesses. Besides being capable of using online tools there are different points that need to be appeared. These issues are listed by Agostinho et al. (2015) as;

“The e-conceptualization of the idea;

The elaboration of e-business/expansion plans;

The analysis of e-market requirements and e-market monitoring;

Finding the right team for the job;

Product support;

E-Branding, e-marketing and finding customers;”

To sum up, Dheeriya (2009) describes online entrepreneurship with a four way framework (Figure 2.7). According to this framework, online entrepreneurship has four main areas which are individuals, organization, World Wide Web, and process. To begin with, an individual is the actor of online entrepreneurship. The individual's technical knowledge is more important than the age or work experience (Dheeriya, 2009). Second, World Wide Web plays an important role in online entrepreneurship. As Dheeriya (2009) mentions, payment and delivery may be done by conventional ways, however orders are commenced on the website. Third, an online enterprise is commonly based on single partner. Finally, the activities about the establishment of a website are the most important steps of an online enterprise.

An online-entrepreneurship example is given by Loane et. al. (2004). According to this example, a couple who worked at a biotechnology firm, moved to native Australia and started up their own business -producing test kits and reagents for food& fermentation industries, in 1989. After 5 years, they decided to go online, in order to decrease marketing costs and become international. The share of online sales is 40% in current situation.

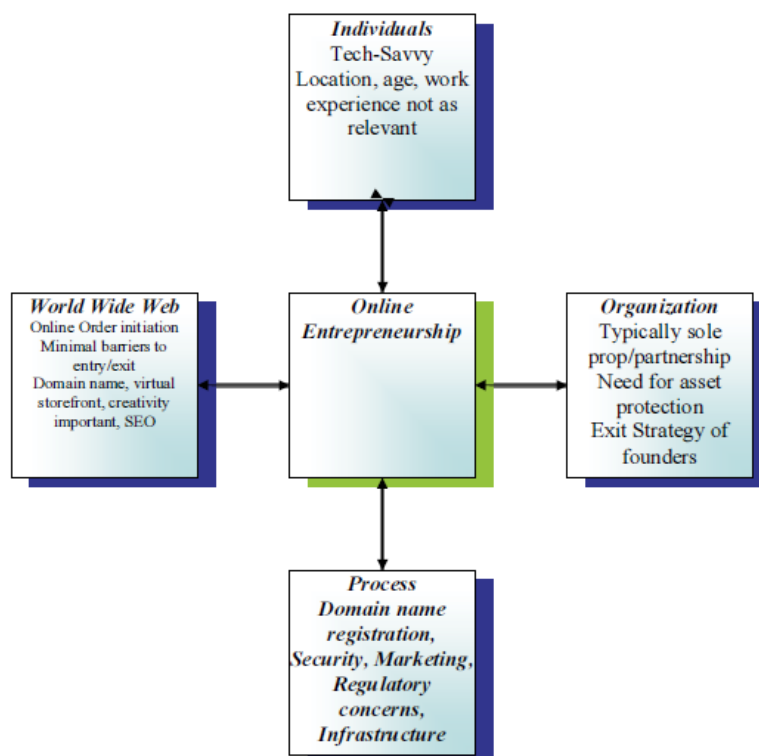


Figure 2.7 : Framework of online entrepreneurship, adapted from (Dheeriya, 2009).

Online resources are gaining importance in agricultural sector. Emerged as a new term, the usage of recent technological methods in agriculture can be called as e-agriculture. The term is defined by Maumbe (2013) as “the application of modern ICT to agriculture input or ingredient procurement, production, storage, distribution, processing, and marketing with the goal of transforming the people’s lives”. Moreover, e- agriculture includes implementation of information and communication technologies with innovative methods and applying it with a main focal point on agriculture in the rural development area (Chandra& Malaya, 2011). From this definition and explanation one can comment that implementing technological tools in agriculture causes changes in agricultural supply chains and networks. According to Maumbe (2013), e- agriculture improves efficiency, develops market organization, decreases costs in information search, promotes market trades, and maintains transparency and trigger better performance in supply chain. Furthermore, because rural areas create low density demand, rural enterprises have to make their sales outside their regions which becomes a more realist strategy with the emergence of e-commerce (Dabson, 2001). As a result of these positive effects, from agriculture perspective, using online resources for conducting sales—in other words e-commercializing, emerges as an opportunity.

Recently, small agricultural businesses started to have online shops as an alternative sales type. Sharma (2013) describes agro-based enterprises as to directly market or process agro products as dairy products, fruit juice, oil, spices, etc. moreover, e-commercializing agricultural products can be considered as a way of direct marketing. As Montealegre et. al. (2004) indicate agriculture was recognized as one of the important potentials of e- commerce because of the great level of discontinuity in the supply chain and massive amounts traded. As a result, marketing agricultural products through online resources can be considered as a possible solution.

In order to start an online agro-based business, establishing a site is the initial step. The agricultural e- commerce sites have various economic purposes. Mueller (2000) categorizes agricultural e- commerce sites according to their economic purposes:

- Economizing transaction expense,
- Intermediating e-market,

- Merging e- commerce services,
- Supplying e- commerce support services.

As AFNs aim to reduce the distance between producer and consumer, online enterprises make it possible to manage this aim. It can be observed from the economic purposes of online sites that they intend to cut down selling costs and being an intermediary which creates more direct relationship between producer and consumer.

2.5 Summary of Chapter 2

It is a fact that rural areas are becoming vulnerable against physical, technological and economical changes all around the world. Governments have been developing and implementing policies in order to develop rural areas. As a result, rural development has become a crucial area for many practitioners and theorists. The focal point of rural development is locality. On this basis, local features such as agriculture, tourism potential, cultural activities and natural amenities gain importance. Based on various definitions of rural development, it has two main components, which are improving the quality of life and economic structure. Throughout the years, there have been different rural development thoughts. However, recently these ideas can be summarized with key terms such as endogenous, integrated and sustainable (Pacciani, 2001). Still, there is not a specific theory, which explains rural development (Singh, 2009).

Within various rural development strategies, entrepreneurship draws attention because it has a power that discovers opportunities related with local assets. At this point, especially individual plays an important role in development of the rural areas by being an entrepreneur. A rural entrepreneur would create either a new product or a new market. According to Patel& Chavda (2013), a rural entrepreneur should ideally use local resources with essentials such as; manpower, money, material, machinery, management and market.

For entrepreneurial activities rural areas have opportunities as quality goods, nature and creativity but also have problems for instance, infrastructural insufficiency, risk and competition in marketing (Dabson, 2001; Henderson, 2001).

Agriculture is one of the focal points of rural development and entrepreneurship is one of the most important rural development strategies. Hence, analyzing the role of a rural entrepreneur in food network systems is necessary. Food networks have mainly two types, conventional and alternative food networks. AFNs have emerged as a result of both consumers' health& nature concerns and producers' low share in economic returns of production. The major difference of these two food networks is the number of actors and the relationship of these actors between each other. While conventional food network has four actors between producer and consumer, AFN has only one (transporter) actor or no actor between producer and consumer, which results shorter and direct relationships. Moreover, AFNs are based on locality, quality and sustainable production.

In order to create a new market, the rural entrepreneur should develop a new AFN type. Considering the technological developments, reaching new markets with online resources is considered as a new strategy. Moreover, agriculture is one of the most important potentials of online rural entrepreneurs (Montealegre et. al., 2004), especially to create supply for the urban demand of safe, natural or organic food. The following chapter designs research in the light of the literature.



3. ON THE SEARCH OF ONLINE ENTREPRENEURS IN RURAL TURKEY: PRELIMINARY REMARKS

Both entrepreneurial and rural studies are qualitative in nature. Therefore, the design of the research plays a crucial role. On this basis, in this thesis, research design is separately evaluated as a chapter. In this chapter, both the explanation of the methods and the used methodologies and analytical techniques are explained.

In this chapter, the qualitative research, data collection and the methodology of the thesis are introduced. The main elements of the methodology section of this thesis are the business model canvas and entrepreneurial network. Since the study conducted in this thesis is qualitative with interviews, it is also essential to explain them in this section.

3.1 Qualitative research

The main areas that this thesis concentrates on are rural and entrepreneurial subjects. Since the process, ingredients and actions of networks are analyzed, it is preferable to use qualitative research methods. Saldana (2011) defines qualitative research as a hypernym for a broad type of approaches to and methods for natural social life analysis. Furthermore, qualitative research is a versatile approach, which explores culture, society and actions via analyzing and synthesizing people's words and behaviors (Hogan et. al. 2011). As Merriam (2014) indicates qualitative researchers are concerned about understanding how people describe their experiences, how they build up their worlds and what their experiences mean according to their acknowledgement. In short, the key element of a qualitative research is people and their relationships. Hogan et. al. (2011) mention that in general qualitative research has conventionally been carried out by directly noticing an example, case studies, individual experiences, self- analysis, an analysis of related documents, interviews, core groups, biographies and the researcher's individual attendance in the context that he/she is studying. Research design is essential for a qualitative study. A qualitative research has a process of different actions. According to Bryman (2012)

there are 7 seven main steps of a qualitative research which can be listed as; general research question(s), selection of relevant site(s) and subjects, collection of relevant data, interpretation of data, conceptual and theoretical work, collection of further data, tighter specification of the research question(s), writing up findings/conclusions(Figure 3. 1). Also, Saldana(2011) explains qualitative research design starting with topic selection and continuing with literature review, statement of purpose, central and related research questions, participant and site selection, data collection and data analytic methods, representation and presentation of the project, project outcomes and finally conceptual framework.

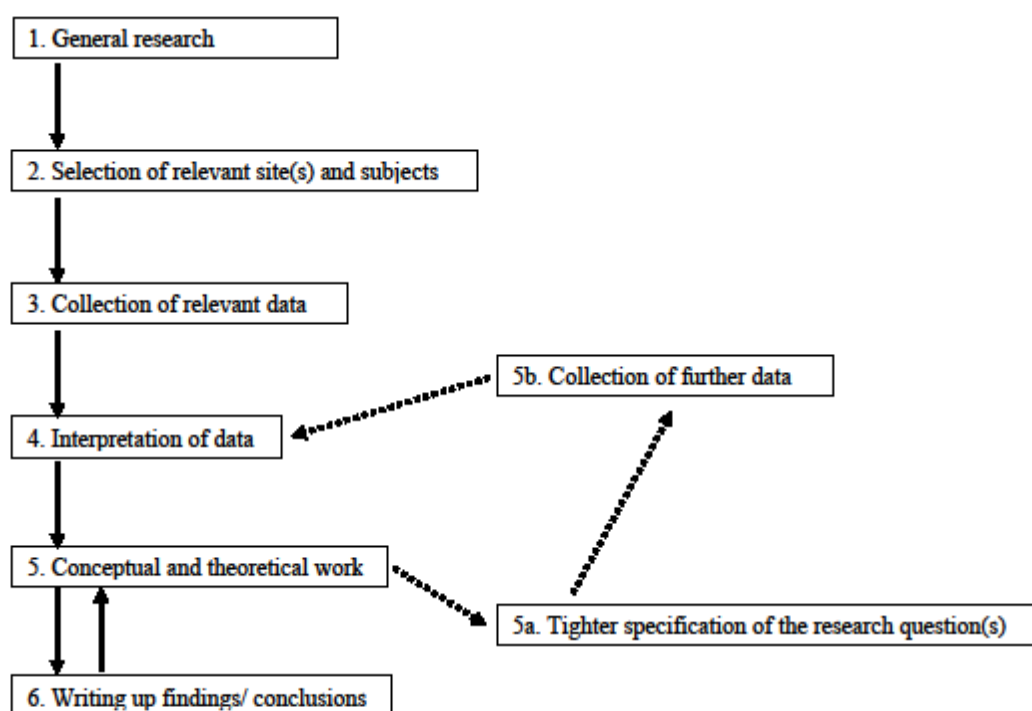


Figure 3.1 : The main steps of qualitative research (Source: Bryman, 2012).

3.2 Sampling& Data Collection

As mentioned before a qualitative research is understanding people and their experiences through analyzing and synthesizing their words and behaviours (Hogan et. al. 2011). In order to manage that, interviewing can be used as a tool for data collection. Berg& Lune (2012) indicate that interviewing can be clearly described as an aimed conversation. There are different types of interviews. The standardized interview, which is official or highly structured, the unstandardized interview that is unofficial or not directive and finally the semi-standardized interview, which is

directed-semi structured (Berg& Lune, 2012). The main features of these three types of interviews are shown in Figure 3.2. Under the light of this information, one can comment that, standardized interviews give limited power to the interviewer to intervene during the interview. On the other hand, semi- standardized interviews make it possible to modify (add or remove some words from questions according to answers) the interview. Unstandardized interviews give freedom to the interviewer, which requires high interviewing skills to conduct the interview properly.

Standardized Interviews	Semi-Standardized Interviews	Unstandardized Interviews
•Most formally structured. •No deviations from question order. •Wording of each question asked exactly as written. •No adjusting of level of language. •No clarifications or answering of questions about the interview. •No additional questions may be added. •Similar in format to a pencil-and-paper survey.	•More or less structured. •Questions may be reordered during the interview. •Wording of questions flexible. •Level of language may be adjusted. •Interviewer may answer questions and make clarifications •Interviewer may add or delete probes to interview between subsequent subjects.	• Completely unstructured. • No set order to any questions. • No set wording to any questions. • Level of language may be adjusted. • Interviewer may answer questions and make clarifications. • Interviewer may add or delete questions between interviews.

Figure 3.2 : The interview structure (Source: Berg& Lune, 2012).

The most suitable way to conduct an interview is to make face-to face contact. However, under some circumstances, the interviews can be done through telephone. As a result, telephone interviews can also be accepted as a way for collecting data in a qualitative research. Although telephone interviews are not the main method of gathering qualitative data, under certain conditions they may supply efficient data

(Berg& Lune, 2012). Telephone interview are appropriate when the type of the interview is formal or semi-structured (Berg& Lune, 2012).

In this research, case studies are selected from rural entrepreneurs whose activities are related with agriculture. By agriculture it is referred to and concentrated on the farm sector. The data collection method used in this research is interviewing. For this study interviewing is an adequate data collection method because it is an efficient technique to get the ideas and experiences of various people. Furthermore, it creates the chance reach information with individualistic features specific to each cases. Another reason for selecting interviewing as a data collection method is that there is lack of registered data about online rural entrepreneurs. As a result, current studies in literature provide narrow information.

In Turkey, Mediterranean, Aegean, eastern part of West Black Sea and South East Anatolia (Şanlıurfa, Diyarbakır) are the regions where agricultural production is concentrated and production creates higher values (Figure 3.3).

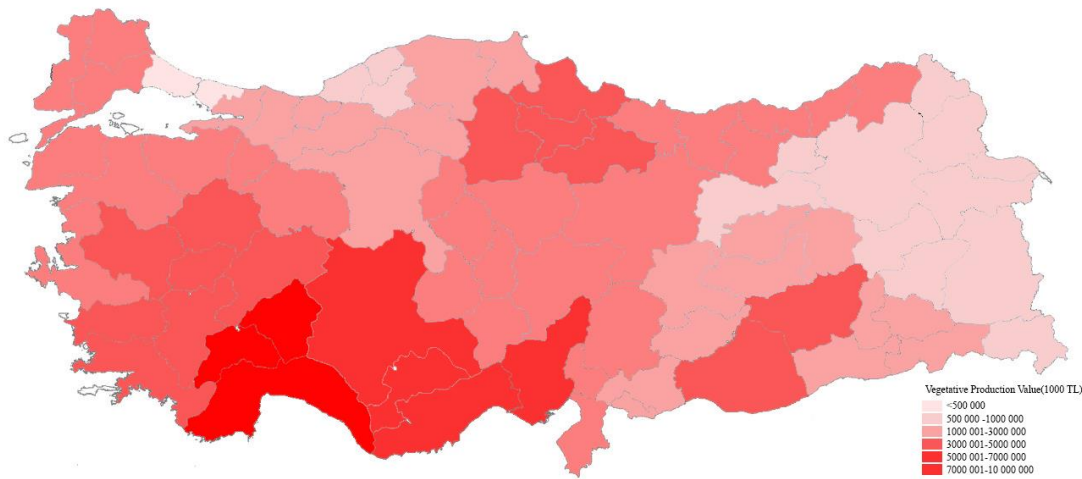


Figure 3.3 : Vegetative production value (Source: Turkstat, 2013).

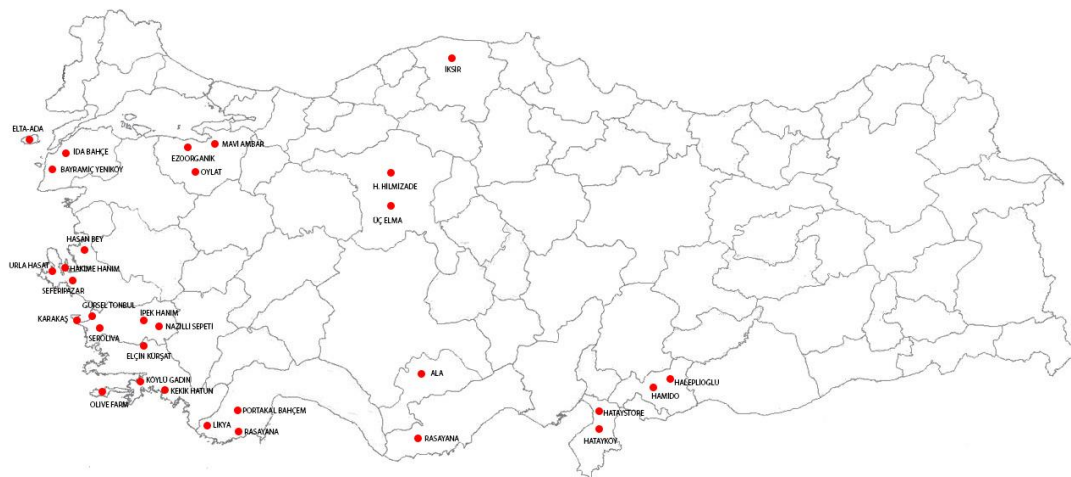
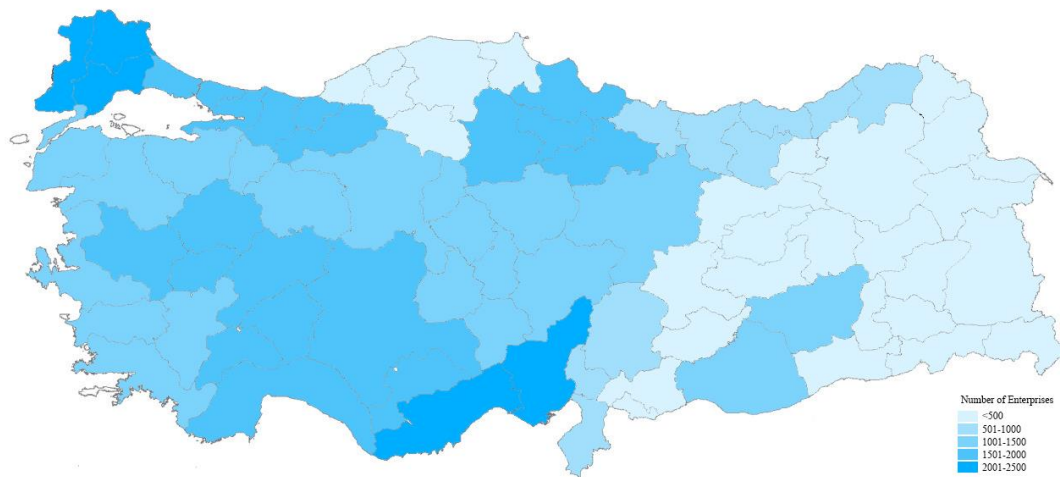
Like agricultural production values, the scale of the agricultural holdings differs from region to region. As can be observed from Table 3.1, İzmir and Aegean region have a background with small-scale agricultural holdings in common on the other hand; West, Central and South Anatolia have larger scale agricultural holdings. This information is important because online rural entrepreneurship consists of small-scale firms in the context of good agriculture practices and organic agriculture.

Table 3.1: Scales of agricultural holdings (Turkstat, 2001).

Regions	Provinces	Area/ Number of agricultural holdings
İzmir	İzmir	37
	Aydın	44
	Denizli	37
	Muğla	34
	Manisa	41
	Afyon	64
	Kütahya	46
Aegean	Uşak	78
	Ankara	154
	Konya	131
West Anatolia	Karaman	74
	Kırıkkale	102
	Aksaray	70
Central Anatolia	Niğde	68
	Nevşehir	115
	Kırşehir	140
	Kayseri	115
	Sivas	95
	Yozgat	114
South East Anatolia	Gaziantep	99
	Adıyaman	45
	Kilis	91
	Şanlıurfa	190
	Diyarbakır	83
	Mardin	85
	Batman	78
	Şırnak	114
	Siirt	37

When number of enterprises (for agriculture, fishery and forestry) is examined, it can be indicated that even though Aegean region has potential in agricultural production, it does not have highest number of enterprises. While West Marmara and central part of Mediterranean (Mersin and Adana) involve highest number of enterprises, Aegean region remains on the average (Figure 3.4).

Besides the establishment of enterprises, it is also important to analyze the marketing structure of these enterprises. Recently, enterprises started to use technological resources such as websites for online sales channels. According to the report of Turkey's Informatics Industrialists Association, e-business in Turkey has an increasing demand and has an 18, 9 billion TL market size (2015). The 10 billion TL of this market is in retail sector, which is a necessary indicator for rural enterprises. As a result, this study is focused on online rural entrepreneurs in Turkey. When the locations of these enterprises are researched, it can be mentioned that they mainly concentrated in South Marmara, Mediterranean and Aegean Region (Figure 3.5).



Data collection area is chosen as Aegean region. Since Aegean is one of the regions which online rural entrepreneurs are concentrated in also, its demographic and agricultural features reflect the suitability to online entrepreneurship as an alternative food network, it is thought that it may show network relationships. Six enterprises are studied as cases from Aydın and İzmir. Interviews are conducted with six rural entrepreneurs. The four of six interviews are conducted by face to face meetings. Furthermore, two interviews are conducted by telephone interviews because of the interviewees' inappropriate schedules. Four of the interviewees are women and two are men. The length of the interviews varies from thirty five minutes to fifty minutes. The type of the interview is standardized with open ended questions. The questions are chosen according to literature related with rural development, rural entrepreneurship and business model canvas. Among six interviewees four are

women two of men whose ages changes from thirty three to sixty four. The Table 3.2 given below shows the demographic characteristics:

Table 3.2: Demographics of the study.

Interviewees	Age	Gender	Education level	Firm age
Interviewee#1	48	Woman	High school	10
Interviewee#2	64	Woman	University	11
Interviewee#3	46	Man	High school	4
Interviewee#4	62	Man	University	9
Interviewee#5	33	Woman	University	3
Interviewee#6	50	Woman	University	6

3.3 Methodology

In order to analyze the main characteristics of an entrepreneurial firm, Business Model Canvas is a commonly used method. In addition to analyzing the characteristics of an entrepreneurial firm, it is also essential to understand the relationships with different actors and this can be managed with discovering entrepreneurial network structure.

3.3.1 Business model canvas

Business Model Canvas is used in this study in order to understand the main characteristics of different rural enterprises and their relationship with online resources. According to Ching& Fauvel (2013) in current years, the Business Model Canvas became rather well known and it is known by essentially everybody from the world who work together entrepreneurship. There are different types of business models however; the Business Model Canvas is varied from them. Ching& Fauvel (2013) indicate that contrary to putting them one after another, they are positioned on a canvas that visualizing the varied issues' connection is advanced. Under the light of this information, one can comment that with this model it is much easier to understand and analyze complicated structure of business relationships. Trimi& Mirabent (2012) mention that for an improved plan and analyzing the value creation sources and the business strategy connection, a business model canvas is used.

According to Trimi& Mirabent (2012) with the business model canvas it is achievable to evaluate how the business is developed with reference to the added value, the customer connections, the creation procedure and the fiscal features.

Moreover, Salgado et. al. (2014) initiate that the business model canvas, a strategic administration template to evolve fresh or record current business models, presently emerges as one of the favored tools for their generation, particularly in business-associated audiences.

As shown in Figure 3.6, according to Osterwalder (2010) the business model canvas consists of 9 building blocks which are, customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure.

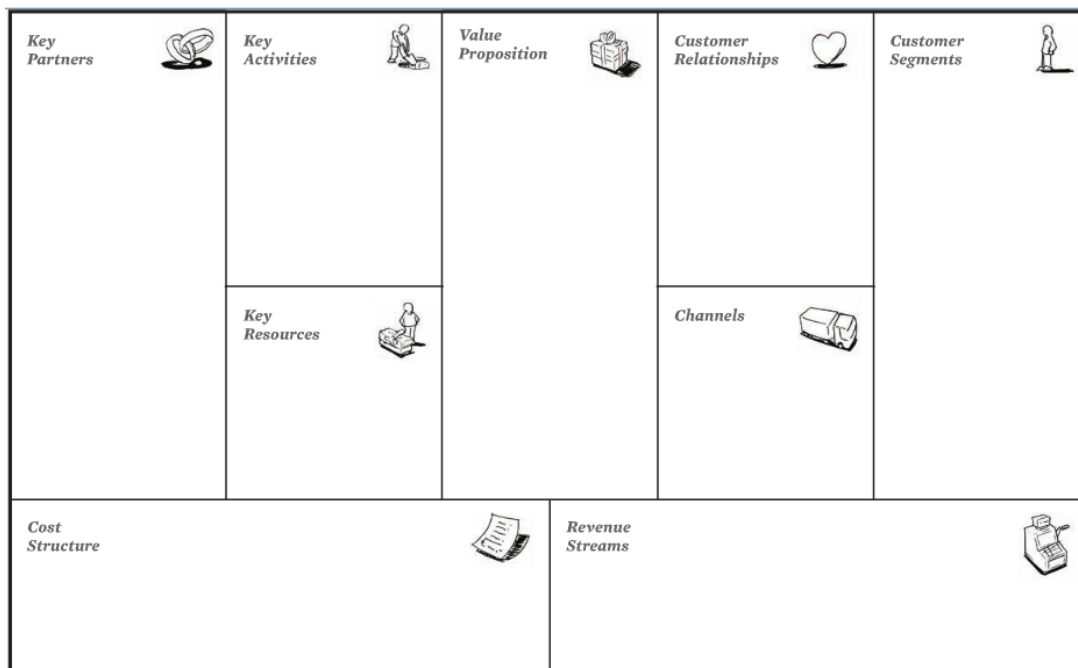


Figure 3.6 : The business model canvas (Source: Osterwalder, 2010).

All of the nine blocks of the business canvas model has different target areas and refers to various actions. To start with, as defined by Muhtaroglu et. al. (2013) customer segments are the type of customers that a company desires to direct and draw attention by proposing value propositions. What is more, Ching& Fauvel (2013) mention that customer segments refer to entire people and organizations that develop value for. Second, Muhtaroglu et. al. (2013) describe value propositions as goods created and value- added services that accompany provides in order to meet customer requirements. In addition, value propositions are the whole bunch of products and services that develop value for customers (Ching& Fauvel, 2013). Third, as mentioned by Muhtaroglu et. al. (2013) channels define how a company reach its customers and provide value propositions to them. These channels can be

used for improving awareness of the business or conducting sales. Moreover, Fourth, Muhtaroglu et. al. (2013) initiate that customer relationships indicate to the connections that a company forms and carries on with its customers. Fifth, as indicated by Muhtaroglu et. al. (2013) revenue streams define the entering money stream of a company by proposing value propositions and it plans the acts of and assessing financial value of the proposes values with which a company advances its revenues. Sixth, according to Muhtaroglu et. al. (2013) key resources are inputs and capacities that a company requires with regard to supply value to its customers. Seventh, as indicated by Muhtaroglu et. al. (2013) key activities define the acts that a company fulfils so as to develop, retail and transfer value propositions to its customers and gain from them. Eight, Muhtaroglu et. al. (2013) mention key partners indicate to the deliberately initiated joint agreement of a company with other companies for accomplishing activities, which have connections with value propositions. Finally, according to Muhtaroglu et. al. (2013) cost structure defines the costs that a company acquires in order to deliver value propositions to its customers and do additional business acts as forming partner relationships and retailing. Furthermore, nine blocks of the business model canvas can be explained with related questions (Figure 3.7).

Key Partners (Who are our key partners/suppliers?)	Key Activities (What key activities do our value propositions require?)	Value Propositions (What Value do we deliver to the customer?)	Customer Relationships (What type of relationships does each of our customer segments expect us to establish and maintain with them?)	Customer Segments (For whom we are creating value?)
	Key Resources (What key resources do our value propositions require?)		Channels (Through which channels do our customer segments want to be reached?)	
	Cost Structure (What are the most important costs inherent in our business model?)		Revenue Streams (For what value our customers really willing to pay?)	

Figure 3.7 : Questions related with the business model canvas
(Source: Muhtaroglu, 2013).

3.3.2 Entrepreneurial network& ecosystem

Besides understanding the characteristics of an enterprise, it is also important to highlight the ecosystem of an online rural entrepreneur through analyzing its network. Hoang& Antoncic (2003) describe entrepreneurial network structure as the arrangement of direct and indirect relationships between actors and different positions of the actors in a network system have valuable effect on supply flow&

entrepreneurial consequences. Examining and defining the network of an entrepreneurial system play an important role in entrepreneurship studies. Networks can ensure connections to new sources of financial assets, workers, associations and business services (Henderson, 2002). Moreover, according to Hoang& Antoncic (2003) a main advantage of networks for entrepreneurial process is the admission they supply to information and recommendation.

There are different factors, which affect the ecosystem of an entrepreneur. The important thing is providing support to the entrepreneur from these factors. According to Suresh& Ramraj (2012), technology support, market support, finance support, moral support, social support, network support, government support and natural resources are the main features of the conceptual framework of entrepreneurial ecosystem (Figure 3.8). With the help of these factors, entrepreneurs can be able to find a chance to improve the success of their enterprises.

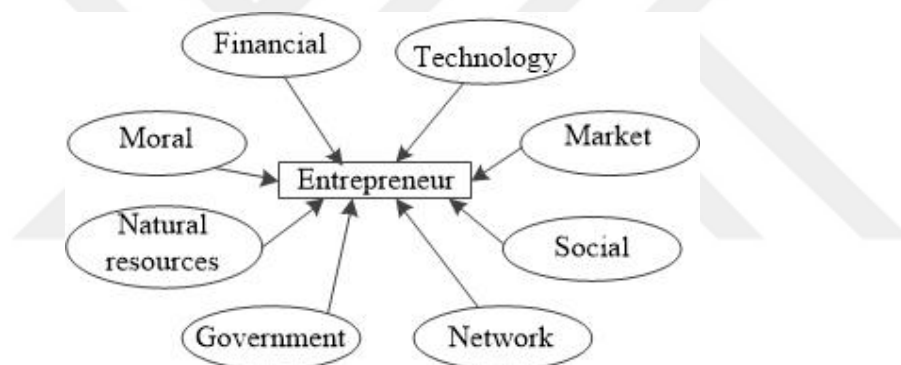


Figure 3.8 : A conceptual framework of entrepreneurial ecosystem
(Source: Suresh& Ramraj, 2012).

In addition to the factors, which affect entrepreneurial ecosystem, the ecosystem framework of an entrepreneurial business can be understood by analyzing its main elements. As Valdez (1988) indicates, an entrepreneurial business has two vital features, which are the entrepreneur and the entrepreneurial environment. Both environmental (resources and market influences) and personal characteristics (the entrepreneur) are important for an entrepreneurial ecosystem (Figure 3.9). Via using the resources, which are capital, land, facilities, suppliers etc. the entrepreneur establishes a new business with the effects of both micro and macro market influences such as number of competitors and economic conditions. As a result, a new business is the outcome of the entrepreneur as an individual with the addition of environmental inputs.

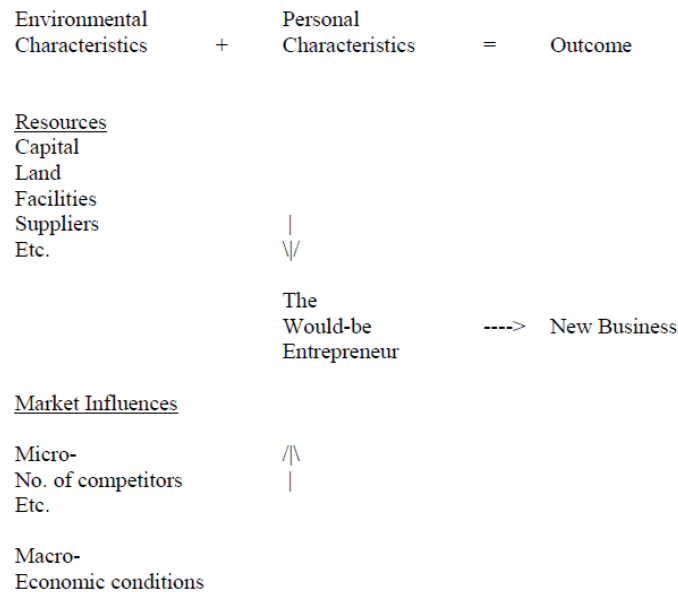


Figure 3.9 : A model for entrepreneurial ecosystem (Source: Valdez, 1988).

3.4 Summary of Chapter 3

This chapter explains the general methodological issues used in this research. The first part starts with analyzing general characteristics of this research, which is a qualitative study. Moreover, interviewing is defined as the data collection method of this research. In addition, as case study analysis method, general characteristics of business model canvas and entrepreneurial network& ecosystem mapping are explained. The second part, introduces the demographic characteristics of the case studies with explaining how the case studies are selected and the data are gathered. The study has six case studies from Aydın (four cases) and İzmir (two cases). The main feature of these cases is that they are online rural entrepreneurs. The ages of these different rural entrepreneurs change from 33- 64. In general, one can mention that they all have high level of education. In this research, number of the female entrepreneurs is higher than male entrepreneurs. Finally, the ages of enterprises change from three to eleven.



4. CASE STUDIES: ANALYZING BUSINESS MODELS AND NETWORKS OF ONLINE RURAL ENTREPRENEURS IN AYDIN& IZMIR

The online entrepreneurs related with food and agriculture in rural areas are becoming widespread in Turkey. They are mainly concentrated in Marmara, Aegean, Mediterranean regions. In this chapter, six rural entrepreneurial businesses are analyzed (Figure 4.1). There are four cases from Aydın and two cases from İzmir. Business model canvas and entrepreneurial network mapping are used in order to understand the main characteristics and network relationships of these businesses. Moreover, the factors that affect their ecosystem are evaluated.

The main issues for selecting these six case studies are:

- Producing agricultural goods/ food
- Promoting local production
- Involving online sales of goods

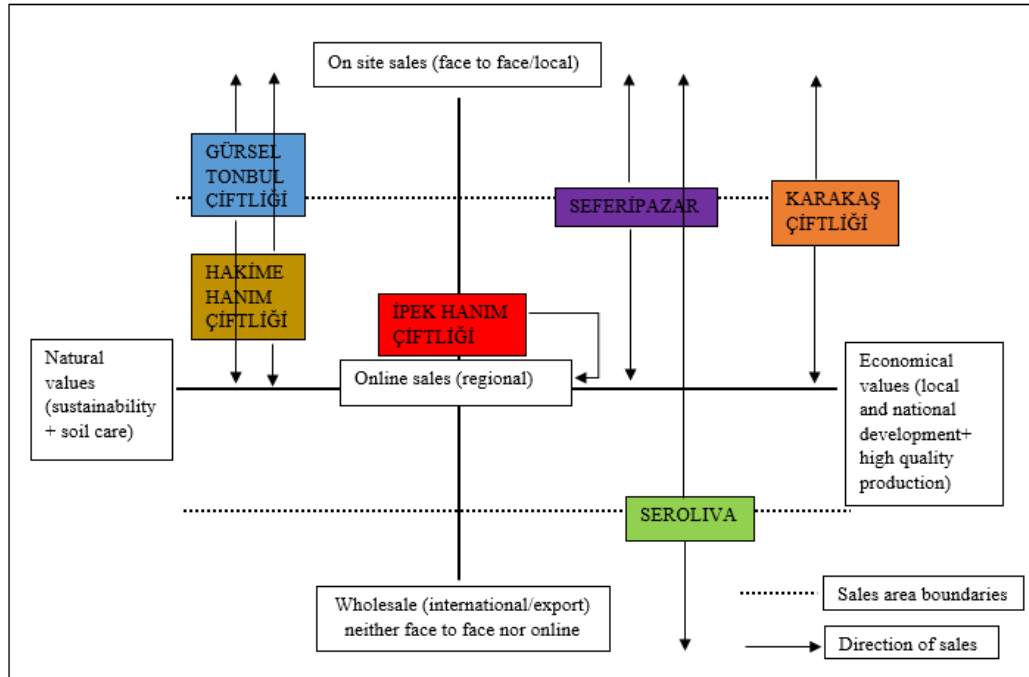


Figure 4.1 : Case studies according to their sales area and values.

Figure 4.1 emphasizes the case studies analyzed with Business Model Canvas. In this figure, the case studies are organized according to two different variables such as their values and sales types. First, the main values which are natural (sustainability& soil care) and economical (local and national development & high quality production). Second, sales types are on-site, online and wholesale. The location of the enterprise shows the level of these two different variables that the enterprise has. The next sub-chapter explains the business canvas of each online rural enterprise seperately.

4.1 Business Models& Networks of Case Studies

The focus of the study is to restate the role of online rural entrepreneurs in the rural development process. Firstly, all of the cases depart from conventional food networks with their marketing techniques. Secondly, the cases create relationships at the local scale. Thirdly, the enterprises studied in this thesis have different level of relationship with governmental institutions.

4.1.1 Ipek Hanım Çiftliği

Ipek Hanım Çiftliği is located at Ocaklı Village, Nazilli-Aydın. The starting point of this farm was healthy nutrition for the family of the founder and then it became a business when the farm started to produce more than enough to consume. The farm has large fields where agricultural activities are conducted. Vegetables, fruits, grain products, milk, egg, soap and bakery products are the main categories that the farm markets.

Ipek Hanım Çiftliği presents natural and healthy products to its customers at the same time it plays an important role as an employer for the village with approximately 150 employees (increasing in harvest season). The employees are from the village and they either work on field in production process or in storage and packaging process.

To understand the dynamics of this rural enterprise, the features are shown with a BMC (Figure 4.2). To begin with, when the customer segmentation is asked, it is indicated that the farm has no customer segmentation and they emphasize the significance of trust between the customers and the farm. As a result, they do not

intend to accept companies or supermarkets as customers except the two trustworthy kindergardens in Istanbul.

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
The people of Nazilli: farming and workforce Universities: Sharing entrepreneurship experience and knowledge	Production Storage Packaging	Valuing people (employees) Healthy nutrition	Personal communication via telephone about products/ giving information about current products	National customers(no segmentation) Kindergardens(2)
Farmers: Giving education to farmers related with good farming techniques and entrepreneurship	Key Resources		Channels	
Koçulu Cheese making: getting support for dairy products	Adequate amount of capital Farmers(employees) Adequate knowledge about producing agricultural goods		Awareness: Web site, word of mouth, some national and local Tvs Sales: Via web site/Internet	
Cost Structure			Revenue Streams	
Labour cost			Production cost including material and labour+ profit in order to make the business financially sustainable	

Figure 4.2 : BMC for Ipek Hanım Çiftliği.

Other two blocks of a BMC are cost structure and revenue streams. Ipek Hanım Çiftliği are related with agricultural production, which concentrates on hand work. As a result, this shapes the cost structure and revenue streams of the enterprise. Furthermore, the people of Nazilli as farmers and workforce, universities as sharing entrepreneurship knowledge and experience, Koçulu cheese making for getting support for some of the dairy products are indicated as key partners of the farm. They are the main elements that constitute the actor network of the enterprise, and it should be noted that each of them have different kinds of relationships with the enterprise as in direct and indirect relationships (Figure 4.3). Moreover, Ipek Hanım Çiftliği gives importance to giving education about farming techniques and entrepreneurship to other farmers in the village, which helps spreading good agricultural practices. Figure 4.4 shows the production and packaging area.

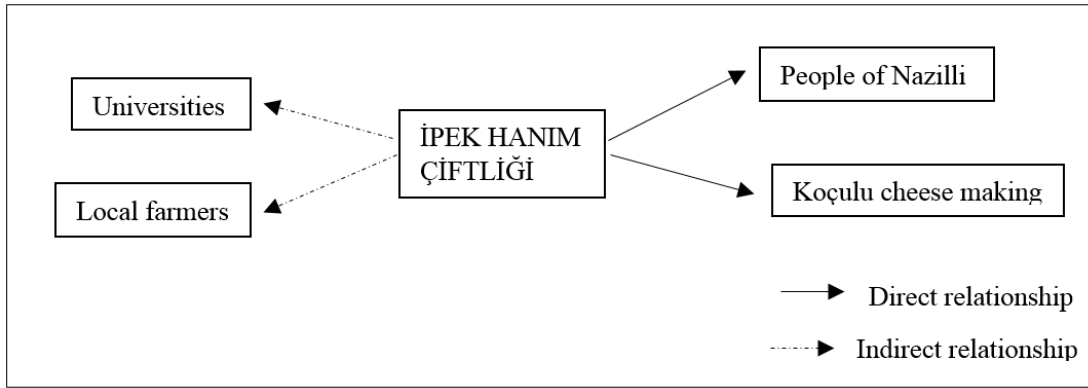


Figure 4.3 : Actor network scheme for İpek Hanım Çiftliği.

Finally, the channels are important to analyze the dynamics of the enterprise. İpek Hanım Çiftliği is conducting its sales only via internet and they indicate that the farm reached a very large amount of customers that they intend to open one or two sales shops in cities where the most customers are from. This shows that with the help of online resources this rural enterprise extended its market.



Figure 4.4 : Production and packaging area of İpek Hanım Çiftliği (Yaşlak, 2016).

After analyzing the enterprise via BMC, it is also important to mention how it affects the development of the area. In relation with rural development, İpek Hanım Çiftliği contributes to the area in terms of:

- Offering employment opportunities for the rural inhabitants
- Being a role- model for other farmers with its good farming techniques and entrepreneurial success
- Preserving the natural amenities, agricultural lands with being financially and environmentally sustainable

4.1.2 Gürsel Tonbul Çiftliği

Gürsel Tonbul Çiftliği is located at Kuşadası, Aydın. The initial idea behind the establishment of the farm was the personal interest of the founder about soil, agriculture and healthy life. Almost 20 years ago, the founder bought lands suitable for agricultural activity also having olive trees, at a reasonable price. The main categories that are offered for sale are fresh organic vegetables& fruits, teas, herbs, marmalades, olive products, breads and eggs.

The main features of this enterprise are shown with a BMC (Figure 4.5). According to the BMC, the key activities are production, storage and packaging. Moreover, Gürsel Tonbul Çiftliği involves not only agricultural activities but also catering service (restaurant), olive museum and recreational areas for leisure activities. With employees in production and service, the farm has 100- 150 employees, which is higher in tourism season. The customer segments of the farm mostly middle& high segment local and national consumers (education&income). On site sales, foreign tourists become also an important segment. Moreover, the farm works with nearby hotels. Finally, they put the products on the market at organic bazaars in Istanbul and at a supermarket (Migros).

When cost structure and revenue streams are considered, it can be mentioned that agricultural production (especially organic agriculture), is a high cost occupation regarding preserving and cultivating soil with work force. Gürsel Tonbul Çiftliği has been in relationship with local farmers for transforming knowledge related with organic agriculture. Moreover, NGOs and TÜBİTAK are mentioned as key partners of the farm. (The farm supports a TÜBİTAK project). The actor network of the enterprise consists of these main actors. One should also indicate that the enterprise has direct relationship only with organic bazaars and indirect relationships with others (Figure 4.6). Furthermore Figure 4.7 shows the production area and sales shop.

Gürsel Tonbul Çiftliği has two main sales channels, which are internet, and a shop located at the farm.

In addition to analyzing the enterprise via BMC, one should also explain the effects of the enterprise to the area from rural development perspective. In relation with rural development, Gürsel Tonbul Çiftliği contributes to the area in terms of:

- Offering employment opportunities for the rural inhabitants

- Preserving the natural amenities, agricultural lands with being financially and environmentally sustainable
- Improving the touristic attractiveness of the area

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Local farmers for transforming knowledge NGOs TÜBİTAK: a TÜBİTAK project is supported by this farm	Production Storage Packaging Catering Oil museum	Healthy& natural life Caring the soil Sustainability High quality	Personal communication via telephone about the presence and stock of the product Giving help about product selection	Middle& High segment national consumers(education and income) Middle& High segment local consumers(education and income) Foreign tourists(on site sales)
Organic bazaars(in Istanbul)	Key Resources		Channels	Hotels Organic bazaars Supermarket(Migros)
	Labour Agricultural pesticide which is suitable for organic agriculture		Awareness: Web site Facebook TVs Word of mouth Sales: Via web site/Internet On site/sales shop	
Cost Structure			Revenue Streams	
Land preservation costs Storage costs Labour costs			Production cost including labour and raw material, yield	

Figure 4.5 : BMC for Gürsel Tonbul Çiftliği.

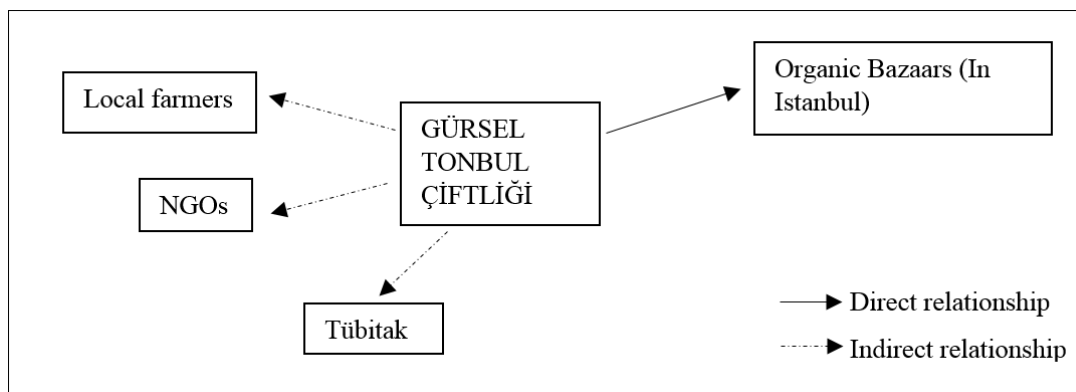


Figure 4.6 : Actor network scheme for Gürsel Tonbul Çiftliği.

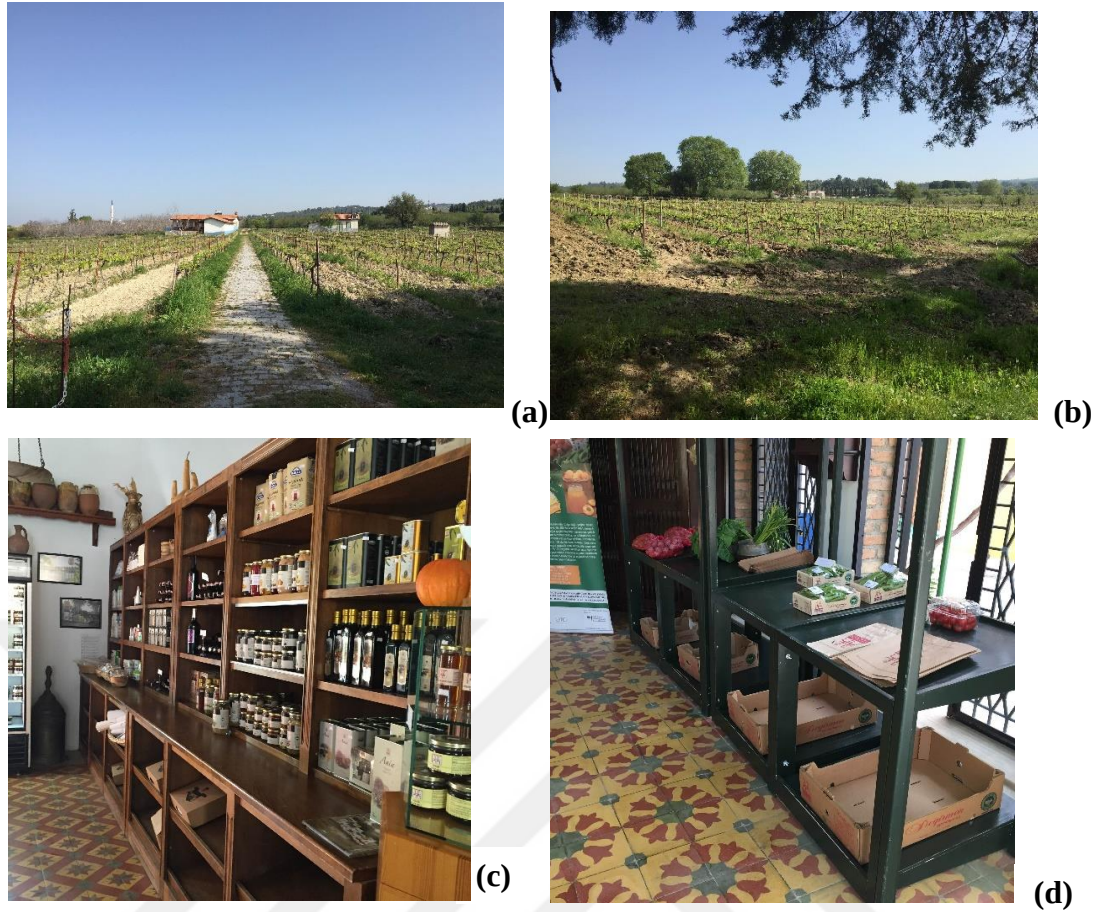


Figure 4.7 : Production area and sales shop of Gürsel Tonbul Çiftliği (Yaşlak, 2016).

4.1.3 Karakaş Çiftliği& Freshmar

Karakaş Çiftliği is located at Güzelçamlı- Kuşadası, Aydın. The farm has belong to the family for two generations however the starting point of the business is the idea of having an online sales channel. As a result, he creates Karakaş Çiftliği as a brand and has the website appropriate to e-business criteria done. The farm has its own olive groves and gardens and olive, olive oil, honey, cosmetics, soaps, stone fruits are the main product categories.

The features of this rural enterprise are shown with a BMC in order to understand its dynamics (Figure 4.8). According to the nine different blocks of a BMC, Karakaş Çiftliği gives importance to being financially sustainable so that it can take part in development of the nation via decreasing external dependence in production and environment friendly- producing high quality products at the same time. The farm is also an important employer for the area with its employees (40 employees

permanently, increases to 100- 150 in harvest season). The customers of the farm are national consumers mostly from urban areas (white-collar employees) and importers.

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
NGOs(Zeytin Dostu) Government agencies for certification process	Production Storage Packaging	High quality product Environment friendly production	Personal communication via telephone and facebook	National consumers mostly from urban areas/ big cities(white-collar employees) Importers
	Key Resources		Channels	
	R&D by professionals Knowledge	Development of the nation via decreasing external dependence about production Financially sustainable	Awareness: Web site Facebook Instagram Twitter Local magazines occasionally Sending tester to customers Sales: Via web site/Internet On site/ sales shop wholesale	
Cost Structure			Revenue Streams	
Raw material cost Labour cost			Calculating production cost including packaging materials, yield of the product, other companies prices	

Figure 4.8 : BMC for Karakaş Çiftliği.

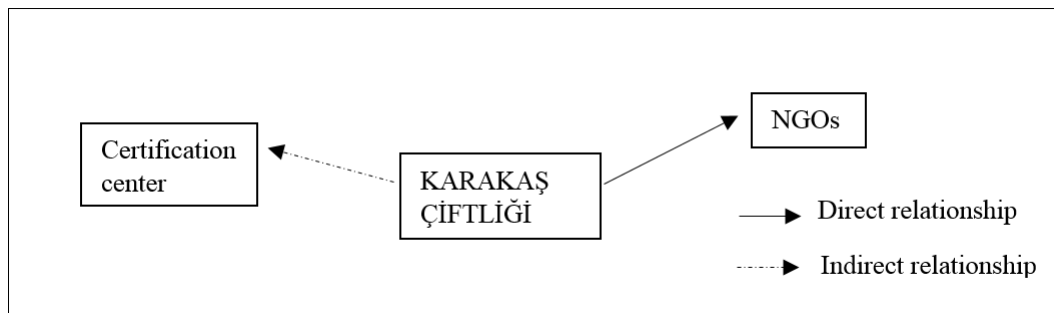


Figure 4.9 : Actor network scheme for Karakaş Çiftliği.

Cost structure and revenue streams of Karakaş Çiftliği are related production costs including raw material and labour. The founder of the business mentioned that NGOs such as Zeytin Dostu and government agencies for certification process are the key partners of Karakaş Çiftliği. While the enterprise has direct relationships with NGOs, it has indirect relationship with governmental institutions – certification centers,

because they only interact in the beginning, for certification process (Figure 4.9). Karakaş Çiftliği carries out its sales via internet and on site sales shop (Figure 4.10).

After analyzing the enterprise through its BMC, it also important to initiate the relationship of the enterprise with rural development. In relation with rural development, Karakaş Çiftliği contributes to the area in terms of:

- Offering employment opportunities for the rural inhabitants
- Preserving the natural amenities, agricultural lands with being financially and environmentally sustainable
- Improving the recognition of the area with its high- quality products



Figure 4.10 : Sales shop& Main products of Karakaş Çiftliği (Yaşlak, 2016).

4.1.4 Seroliva

Seroliva is located at Söke, Aydın. The crucial idea behind the foundation of the firm is producing a high quality product that is accepted by international standards. The firm conducts its activities on olive groves, which are rented from Regional Directorate of Foundations. Olive is the key product of the firm.

The dynamics of this rural enterprise is analyzed via showing its features with a BMC (Figure 4.11). Seroliva produces high quality product with ecological concerns. The firm has 16-20 employees in the factory and 40-50 employees in the field. As customers, Seroliva has national consumers with no segmentation, hotels, restaurants and importers for international sales (China, Japan, and Austria).

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
NGOs(Zeytin Dostu)	Production Storage Packaging	High quality production	Personal communication	Importers for international sales(China, Japan, Austria)
Chamber of Agriculture(indirectly)	Key Resources	Ecological concerns	Channels	National consumers(no segmentation)
Chamber of Commerce(indirectly)	Land Equipment		Awareness: Web sites Word of mouth Local Tvs and magazines Local expos Contests Sales: Web site On site(sales shop)	
Cost Structure			Revenue Streams	
Rental costs of lands Initial costs of process equipment Labour costs			Export sales: Specified prices according to olive stock market Domestic sales: adding profit to production costs	

Figure 4.11 : BMC for Seroliva.

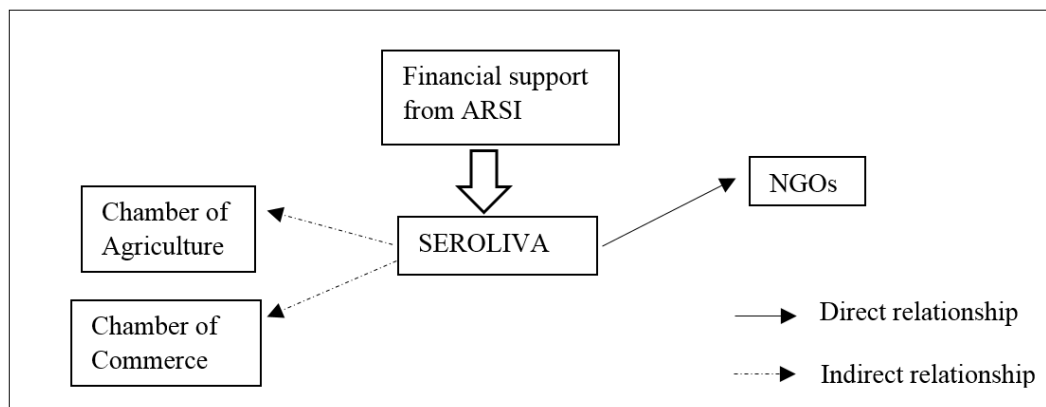


Figure 4.12 : Actor network scheme for Seroliva.

Rental costs of the lands, initial costs of process equipment and labour costs are the main elements of Seroliva's cost structure. Moreover, revenue streams changes according to type of sales such as for export sales there is a specified price according to olive stock market and for domestic sales the price is determined with adding profit to production costs. Seroliva is in relationship indirectly with NGOs (especially Zeytin Dostu), Chamber of Agriculture and Chamber of Commerce (Figure 4.12).

Seroliva has a website where online sales are conducted. Moreover, products are sold on site from the firm's shop. Figure 4.13 shows the factory and products of Seroliva.

Additionally, it is also crucial to explain the effects of the enterprise to the development of the area. In relation with rural development, Seroliva contributes to the area in terms of:

- Offering employment opportunities for the rural inhabitants
- Improving the recognition of the area with its high- quality products
- Preserving the olive groves with being financially sustainable



Figure 4.13 : Factory and products of Seroliva. (Source: Seroliva website)

4.1.5 Hakime Hanım Çiftliği

Hakime Hanım Çiftliği is located at Urla, İzmir. The farm belongs to the family of the founder of the firm. However, the founder explains the motivation behind the establishment of the firm is that in spite of the risks of retailing, it has higher returns than wholesale. As a result, she changed the identity of the farm via having online sales. The farm has olive groves, fruit and vegetable gardens. The main product categories of the farm are olive, mandarin, artichoke, thyme and lentisk.

To understand the dynamics of this rural enterprise, the features are shown with a BMC (Figure 4.14). Hakime Hanım Çiftliği gives importance to sustainability. Furthermore, even though the farm itself does not have a large amount of employees (5-10), it promotes local farmers by occasionally making the publicity of their products. The farm also in relationship with local NGOs and it supports local farmers (Figure 4.15). Figure 4.16 shows various products of the farm.

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Local farmers Local NGOs	Production Storage Packaging Open air food organization once in a year	Sustainability Development of the local area(supporting local producers)	Personal communication via telephone and e- mail related with product content, form of payment, transportation of the product	Mostly high segment national customers(education, income) Customer who values nature and the primary producer
	Key Resources		Channels	Hotels
	Capital Accumulation of knowledge in order to sustain this work		Awareness: Web site Blog Facebook Instagram Word of mouth National and local Tv Sales: Via web On site(from farm)	Local greengrocers Retail shops
Cost Structure			Revenue Streams	
New product work cost R&D Labour and fixed costs(electricity, water, tax) Product costs			Costs+ profit + market price	

Figure 4.14 : BMC for Hakime Hanım Çiftliği.

Hakime Hanım Çiftliği, reserves a considerable amount of its revenue in research& design such as studies for a new product (the recent product of the farm is lentisk). Moreover, in addition to product costs, labour and fixed costs (electricity, water, tax) are the main elements of the farms cost structure.

Hakime Hanım Çiftliği emerged with the intention of conducting online sales. With emphasizing online sales, the farm also is available for on-site sales.



Figure 4.15 : Actor network scheme for Hakime Hanım Çiftliği.

In relation with rural development, Hakime Hanım Çiftliği contributes to the area in terms of:

- Being a role- model for other farmers with its online entrepreneurial success as an e-business
- Preserving the natural amenities, agricultural lands with being financially and environmentally sustainable
- Promoting the product range of the area by sparing time and money in R&D

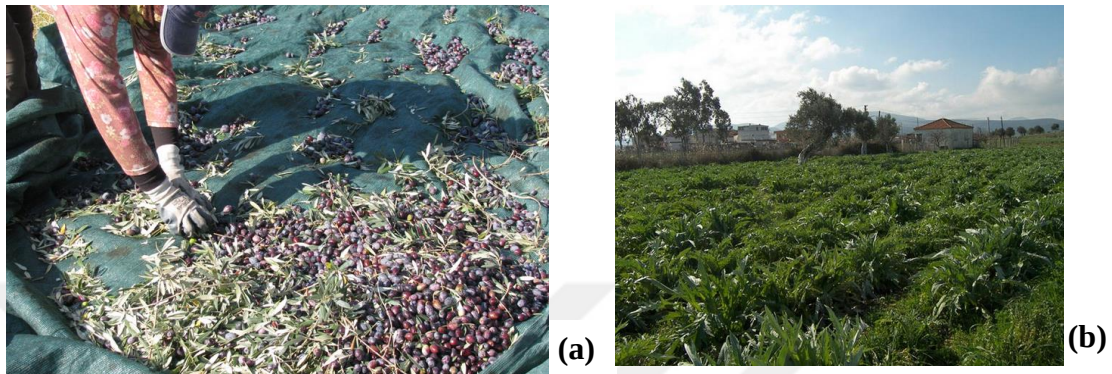


Figure 4.16 : Olive harvest and artichoke field of Hakime Hanım Çiftliği.
(Source: Hakime Hanım Çiftliği website)

4.1.6 Seferipazar

Seferipazar is located at Seferihisar, İzmir. It has started as a cooperative with the intention of gathering local producers together and marketing their products. In the beginning, they had a place where their marketing activities took place however, after some complications about this place; Seferipazar was turned into an online marketing initiation. Seferipazar is in cooperation with sixty to eighty local producers. Honey, jam, olive, pickle, vermicelli (erişte), cheese, fresh vegetables& fruits (only seasonal) and sundried food made of curd, tomato, flour are the main product categories of Seferipazar.

The BMC of Seferipazar shows dynamics of this rural enterprise with mentioning its features (Figure 4.17). Seferipazar gives importance to local development with working together with local producers. They also intend to widen good agriculture practices and emphasize the necessity of honesty to consumers. Seferipazar has approximately 80- 100 employees (including local producers and employees of the cooperative itself). The customers of Seferipazar are high-income national customers and restaurants from urban areas. Moreover, they accepted a supermarket (Migros) as a customer after its high demand for a product (sundried food made of curd, tomato, and flour with gummy).

Packaging, producer, labour costs and tax are the main cost structure elements of Seferipazar. With a manageable profit share, they determine the prices of products. Seferipazar works with women producers and both İzmir and Seferihisar Municipality support it with their resources (Figure 4.18).

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Women producers Local government: Seferihisar Municipality	Packaging	Development of the local area(via marketing products of local producers)	Individual relationship via telephone (informing them related with special products)	High segment national customers(income) Supermarket(Migros) Restaurants
	Marketing			
	Storage(specific to dry products)			
	Key Resources	Good agriculture techniques	Channels	
	Adequate amount of capital	Honesty to consumers	Awareness: Web site Blog Facebook Twitter Word of mouth Local, National and International Media	
	The cooperative system			
	Local government		Sales: Via web On site(weekly bazaar)	
Cost Structure			Revenue Streams	
Packaging costs Producer costs Tax Labour costs			The total of all costs+ profit(%2)	

Figure 4.17 : BMC for Seferipazar.

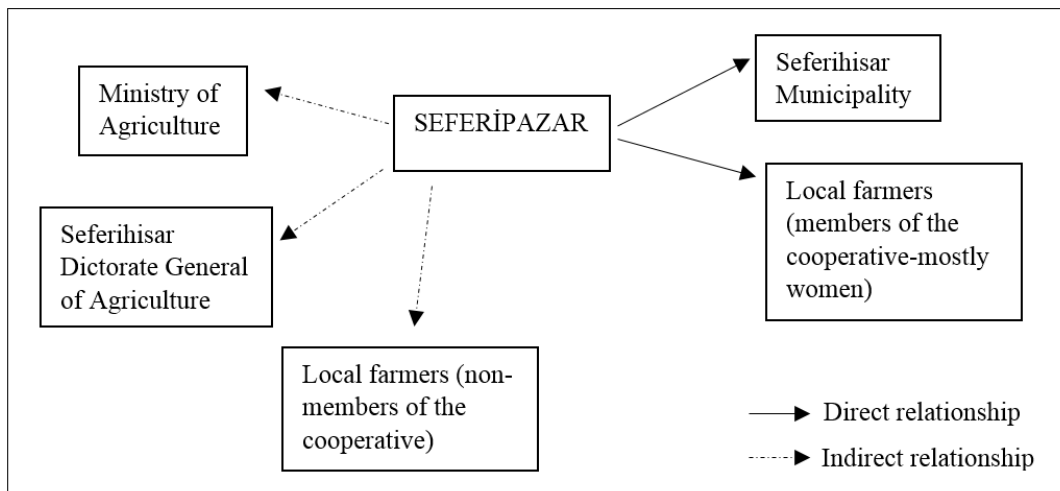


Figure 4.18 : Actor network scheme for Seferipazar.

Seferipazar is an online sales brand and once in a week they organize their sales at a bazaar. Figure 4.19 shows various products of the firm.

In relation with rural development, Seferipazar contributes to the area in terms of:

- Promoting local producers via adding value to their products via agentless marketing
- Being a role- model for other farmers with sharing its knowledge about good farming practices and e- business experiences
- Making contribution especially in women employment



Figure 4.19 : Products sold at Seferipazar.
(Source: Seferipazar website)

4.2 Business Canvas and Ecosystems of Online Entrepreneurs

The characteristics of the cases are examined with Business Model Canvas and their relationships with other actors and sales areas are shown via analyzing their ecosystems. First, business canvas of online entrepreneurs are revealed by asking what are the key activities, key resources, revenue streams, cost structure, channels, value propositions, customer relationships& segments. According to each of the different business canvas there are both common points and differentiating aspects. Second, the ecosystem of the online entrepreneurs' studied in this thesis, show common similarities between each other.

4.2.1 Similarities and differences of business canvas

This part highlights the similarities and differences of case studies' business canvas. To begin with, the similarities can be explained according to nine blocks of a business model canvas (Figure 4.20).

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Local people (workforce) Local farmers NGOs	Production Packaging Marketing Storage Key Resources Adequate amount of capital Adequate knowledge about production	Ecological concerns Economical concerns High quality production	Individual relationship via telephone or internet Channels Awareness: Web site Facebook Word of mouth Sales: Via web	Middle&High segment national customers(income)
Cost Structure Production costs Labour costs			Revenue Streams The total of all costs+ slight profit	

Figure 4.20 : A common BMC for all cases.

First, the common key partners of all cases are:

- Local people as workforce,
- Local farmers for transforming knowledge,
- NGOs for giving support

Second, the common key activities are:

- Production (except Seferipazar),
- Packaging,
- Storing

Third, the shared key resources are:

- Adequate amount of capital,
- Adequate knowledge about production

Fourth, the common value propositions are (at different levels, with different order of importance):

- Ecological concerns (sustainability, caring the soil),
- Economical concerns (promoting local development),
- High quality production

Fifth, all of the enterprises have personal communication with their customers via telephone or internet. Sixth, they all reach their customers through their web site and

various social media. Moreover, they mention the importance of word of mouth in their recognition. Seventh, their customers are commonly from outside of the cities that they are located and these customers are generally middle&high educated and have high level of income. Eight, the cost structure is commonly shaped by labour and production costs. Finally, the revenue streams are defined with adding a slight profit to the total amount of costs.

In spite of the similarities, there are differences of these online rural entrepreneurs' business canvas. First of all, they have different level of relationship with the governmental organizations. Only Seferipazar have strong relationships with local municipalities. They gain technical support from municipalities. Moreover, Seroliva used financial support from a governmental organization in the establishment phase. Secondly, when key activities are considered Seferipazar and Gürsel Tonbul Çiftliği differ from other case studies. Seferipazar is the only one that does not include production as a key activity. As for Gürsel Tonbul Çiftliği, it involves recreational facilities such as a restaurant, oil museum and promenade. Thirdly, the value propositions of İpek Hanım Çiftliği vary from other because it is specifically mentioned that the enterprise gives importance to valuing the employees and providing healthy nutrition. Fourthly, İpek Hanım and Karakaş Çiftliği are the two cases that do not sell their products to hotels or restaurants. Finally, while basically all of the cases have similar cost structure, Seroliva has one more different cost item, which is rental costs of the lands because the founder of Seroliva does not own the lands.

4.2.2 The extent of entrepreneurs via their ecosystems

The features of an entrepreneurial ecosystem are technology support, market support, finance support, moral support, social support, network support, government support and natural resources (Suresh& Ramraj, 2012). First of all, the technology is crucial for online rural entrepreneurs. They are using the technology for reaching new customers and markets via both improving awareness and selling their products online. With the help of technology, they find the chance to extend their market area to outside of local area. As shown in Figure 4.21, via online channels they sell their products mainly to bigger urban areas such as İstanbul, Ankara and İzmir.

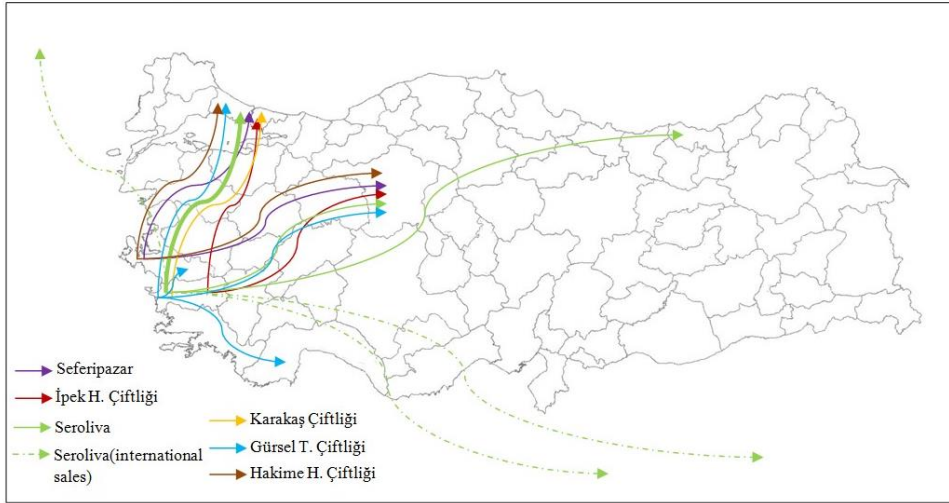


Figure 4.21 : Sales area of the different case studies.

As being entrepreneurs, they use potentials of local resources such as natural resources. With the help of these entrepreneurs agricultural lands are preserved. Government, which is another feature of entrepreneurial ecosystem does not play a major role for all of these case studies. All of these enterprises are financially sustainable by their own. However, it is also important that an initial amount of capital is needed in order to establish a business. Besides financial issues, the moral support is important in terms of being successful for these entrepreneurs. The moral support comes from spouses, relatives and the community. Network support refers to organizations such as Zeytin Dostu (NGO) that brings together related enterprises, also online social networking sites as Facebook, Twitter, and Instagram. Finally, social support examples can be mentioned as awards and publicity on the media. For example, Seroliva and Karakaş Çiftliği won a recent competition with their oil. Moreover, all of these online rural entrepreneurs are exposed by local and occasionally national media.

The online rural entrepreneurs studied in this thesis, have relationships with different actors. The common actors of these different enterprises are governmental organizations, NGOs and finally local farmers (Figure 4.22). With governmental organizations it is referred to certification centers (for Karakaş Çiftliği), district municipality (for Seferipazar) and ARSI (for Seroliva). Local farmers are important for interchanging knowledge and experiences. Finally, NGOs are another significant actor which gain support from enterprises. On the other hand, they help the enterprises to improve their awareness.

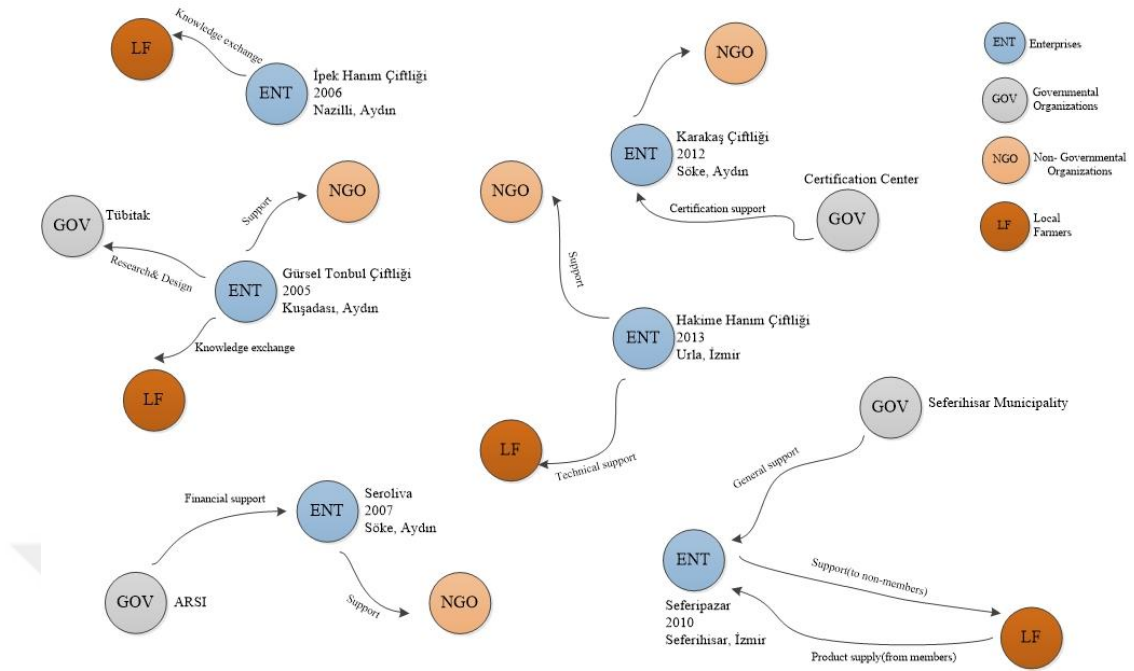


Figure 4.22 : Common actors of the case studies.

4.3 Summary of Chapter 4

In this chapter, the business characteristics of selected online entrepreneurs and their effects on rural development are analyzed by using Business Model Canvas and entrepreneurial ecosystem methods. The selected case studies are İpek Hanım Çiftliği (Aydın), Gürsel Tonbul Çiftliği (Aydın), Karakaş Çiftliği (Aydın), Seroliva (Aydın), Hakime Hanım Çiftliği (İzmir) and Seferipazar (İzmir).

First, the general features of the cases are expressed. Starting with location general information such as the background of establishment, product variety, number employees are given in order to present the enterprises. After this introduction part from rural development scope, the cases are examined. These case studies promote their area by improving the employment, changing agricultural techniques into more sustainable practices, protecting agricultural lands and making their local areas more attractive. The cases are examined via Business Model Canvas. After all cases are examined one by one, the similarities and differences of them are mentioned. Moreover, their network systems are analyzed by mentioning their direct and indirect relationships with various actors. Finally, the cases are discussed according to factors affecting their entrepreneurial ecosystem.



5. CONCLUSION: DISCUSSIONS ON ONLINE RURAL ENTREPRENEURSHIP IN TURKEY

This thesis analyzed characteristics of selected rural entrepreneurs with focusing on their business model and networks. Moreover, the relationship between rural development and entrepreneurship through considering online rural enterprises as an AFN type is additionally examined. This chapter presents the concluding remarks with discussing research questions of the thesis, under the scope of literature background, limitations of the present search. Finally, recommendations for further research are initiated.

Rural development is one of the main issues in Turkey, considering the population located in rural areas. In order to promote rural areas, various strategies and policies are conducted for ages. Since 1990s the idea of sustainability has started to gain importance in rural development studies (Ellis& Biggs, 2001). Through different rural economic sectors, sustainable rural development is discussed and analyzed. Between these rural economic sectors, agriculture has an important role in sustainable rural development (Pugliese,2009; Kitchen&Marsden,2009; Akpınar et al., 2003). However the problem is that the economical value of agriculture is low in rural context when the producers/farmers are considered. That is because of the characteristics of conventional food networks. Furthermore, conventional food networks are unsustainable and provide long distance, indirect relationship with consumers (Ilbery& Maye, 2006). Still, the tendency towards a more sustainable rural development approach brings new network systems in agriculture, meaning locally-based supply chains (Renting et al. 2003).

These new shorter distance supply chains are called alternative food networks. There are different types of AFNs. The important thing is that to create an AFN, the role of the producer/ farmer should change in supply chains and this can be managed with entrepreneurial activities in rural area. The rural entrepreneur can construct an AFN with establishing direct sales opportunities for local agricultural products. This study intends to explore online sales as an AFN in relation with rural development. In other

words, the aim of the thesis is to analyze online rural entrepreneurship as a rural development strategy via concentrating on various case studies from Aegean region (Aydın and İzmir). In order to manage this aim, five research questions are asked. After this introduction, this part continues with discussing research questions and the synthesis of empirical findings from case studies in relation with literature.

Research question 1: How do these rural entrepreneurs define socio- economical and environmental effects of their businesses?

These rural entrepreneurs describe that their businesses affect both socio-economic and natural environment in a positive way. First, socio-economically, via supplying job opportunities to local people, they improve the number of employment in the area. Moreover, by producing high quality products, they increase the recognizability of the area. Second, when natural environment is taken into consideration, on the contrary to industrial agricultural production, they use more sustainable agriculture techniques that protect the land. Also, by being financially sustainable, these rural enterprises preserve agricultural areas from transformation to non-agricultural uses.

Research question 2: How do these rural entrepreneurs manage to sustain their businesses? Via which channels?

Rural entrepreneurs sustain their businesses through different channels with the intention of two main purposes which are awareness and sales. First, to improve their publicity and the awareness of the consumers, they use both online channels and direct relationships. The main online source that is the website of the enterprises is followed by other social media networks such as blogs, Facebook, Instagram and Twitter. Direct channels are constructed via sending samples or giving information about recent products to customers. Being involved in local media and exhibitions are also a kind of direct awareness channel. Second, these rural entrepreneurs carry out their sales via online and on-site at different level.

Research question 3: What are some network behaviors of rural entrepreneurs related with food& agriculture?

The network behaviours of rural entrepreneurs (agriculture based) change according to their establishment process. To begin with, the entrepreneurs who started their enterprises with individual attempts have weak (or none in some cases) relationship with governmental organizations. On the other hand, they have connections with

NGOs by supporting them or involving in joint activities. Moreover, these rural entrepreneurs have communications with local farmers through exchanging their knowledge about whether farming techniques or entrepreneurial experiences. This kind of network is considered as an indirect relationship type. Contrarily, the entrepreneur who has strong relationship with governmental organizations has direct connections with local farmers via marketing the local farmers' products.

Research question 4: *How do these rural entrepreneurs define their relationship with online sales& resources?*

These rural entrepreneurs have relationships with online sales& resources at different levels. While some of them prefer only online sales, the others use on-site sales also. Online sales and resources are needed in different cases. To start with, when they do not have appropriate place for a shopping area, online sales emerge as an alternative solution. Second, as they intend to reach their products outside of their regions, online marketing is considered. In spite of these opportunities come with online sales, high shipment fee is mentioned as a major problem.

Research question 5: *How can local food be supported with the help of alternative food networks (specific to online entrepreneurship) and can this situation accepted as a new strategy for rural development?*

Local food can be supported with the help of AFNs because they create added value at the same time enlarge the market area. In order to accept this situation as a new strategy for rural development, the sustainability and advancement of these rural enterprises should be discussed. These enterprises should be successful over time and the number of online rural entrepreneurs should increase.

The main empirical results are explained in chapter 3 (conclusion section of research design) and in chapter 4 (case studies). This section will synthesize these main results with literature:

- As Henderson (2001) indicates, rural entrepreneurs increase employment. One of the main results of the case study is that all of the rural enterprises studied as cases in this thesis, provide job opportunities for local people at different scales: from a small-scale family firm with 5-10 employees to a larger scale firm with 100-150 employees. This means the increase in the number of rural entrepreneurs individually, provides raise employment in

rural area, in total. Moreover, the sustainability of these rural entrepreneurs would maintain a self- sufficient development continuum (Lele, 1975) for the rural inhabitants.

- From the definition, it is expected that rural development is about creating new products and evaluating new markets with recent technological ways (van der Ploeg et. al. 2000). According to the results of this thesis, with the help of online sales, as shown in Figure 4.19, Istanbul and Ankara are the two main markets of these rural entrepreneurs meaning by using technological paths, these rural entrepreneurs found a chance to reach new and alternative markets.
- The various possible sources for rural entrepreneurship are young people, leading figures (incomers, locals who are experienced from outside) and immigrants (Labrianidis, 2004). When the background of the entrepreneurs studied in this thesis is analyzed it is observed that entrepreneurs are either locals who are experienced from outside or people who migrated from outside the area. Since all of these rural entrepreneurs have high education level, one can conclude that presently online rural entrepreneurship requires adequate educational level.
- The rural entrepreneurs examined in this study mentioned that there should be an adequate amount of capital in order to start a firm.

The research involves various limitations due to its characteristics. To begin with, the case study area is limited with two cities. Although online rural entrepreneurs are concentrated in Aydın and İzmir, not studying Turkey as whole makes it impossible to create general implications. Secondly, the research is cross- sectional, however the relationships may differ in future. Thirdly, all data are gathered from on-site studies meaning a registered database related with online rural entrepreneurs does not exist. As a result, a more comprehensive study would require much more time.

The discussion of the issues pointed out in this study has a comprehensive and various scale although the study has a local scope. Thus, there should be more case studies and researches in order to provide further evaluation about this subject. The next step of this study will be expanding the scope of case studies. In order to reach this goal, the recommendations for further research are:

- Exploring the technical infrastructure of rural areas in Turkey, in order to understand the potential of online entrepreneurship,
- Examining the main local products according to different rural areas,
- Analyzing the potential financial support coming with public policies,
- Discovering the demand for local/healthy foods of urban areas (other than Istanbul and Ankara)

In theoretical debates, it is indicated that the food sector has problems from both producer and consumer perspective. This study focuses on the producer side. The main problem is that, the producer (specific to farmers in this study) has low share of total added value in agriculture. This results weakening in agricultural activities which is mentioned by theorists as one of the main rural development subjects. Moreover, AFNs have emerged as a solution in order to overcome this problem. The AFNs may be a solution as long as the area that they reach is expanded. At this moment rural entrepreneurs play a crucial role as moving AFNs to online platforms. Indeed, the study shows that online rural entrepreneurs have enlarged their market areas while contributing rural development via increasing employment in the area and protecting the nature by being sustainable in terms of both economic and ecologic.



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APPENDIX

Interview Questions (The interviews were in Turkish, so the translation of the interview questions is given here)

1. How did you start your enterprise, what was the initial strategy and were the motivations?
2. Can explain the background of your enterprise, are you the founder and with how many people did you start with?
3. What is the establishment date of your enterprise?
4. What is the full name, address and telephone of your enterprise?
5. Did you come to this area as an entrepreneur or did already reside?
6. Are there any other entrepreneurs in your family? If yes what is the area of their enterprises?
7. How many people do you employ? Are the employees from local community or outside?
8. What are the main institutions that you associated with?
9. What are the main suppliers of your enterprise?
10. Do you perform production activities? If not who are the suppliers of your products?
11. Do you have a storage area for your products? If yes what is the size and location of it? If no how do you manage the storage process?
12. How do you manage the packaging process? Do you have any standards and techniques according to product type?
13. Do you have any studies related with branding? If yes, how was the process, who organized these branding steps?
14. How are the products reached to the consumers?
15. What main sources do you need for your enterprise?
16. What are the main values that you care within your enterprise?
17. Do you have any specific customer target?

18. How does your customer variety change?
19. How do you determine the prices of the products? Is it a complicated process?
20. In general, to how much price are the customers willing to pay?
21. How do your customers prefer to pay?
22. Do you have a standart revenue model?
23. Does your enterprise finacially sustainable with what it gets from sales?
24. What kind of relationship do you have with your customers?
25. From which channels do you reach to your customers?
26. Do you have on site sales as well as online sales?
27. What are the percentages of on site and online sales?
28. Do you your products are sold in local bazaars or wholesale market halls? If yes, which ones?
29. Do you your products are sold in supermarkets? If yes, which ones?
30. What are your main sales areas?
31. Do you think that your enterprise increases the employment in your area?
32. Do you think that your enterprise make contribution in preservation of agricultural areas in your area?
33. Do you think that your enterprise make contribution in transformation and development of agricultural production types and practises in your area?
34. What is your name and age?
35. What is your educational background?
36. What was your reason in starting a rural enterprise and why did you choose this area?
37. Do you think that your enterprise can be carried out in Turkey's other areas?
38. Do you have any governmental support?

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